

The City Council of the City of Mattoon held a regular meeting in the Council Chambers at City Hall on November 16, 2004 at 7:18 p.m. after a 6:30 p.m. caucus session.

Mayor Carter presiding.

Mayor Carter led the Pledge of Allegiance to the United States of America.

The following members of the Council answered roll call: YEA Commissioner Mark Donnell, YEA Commissioner Harold Gambill, YEA Commissioner Jerrold Hesse, YEA Commissioner David Schilling, YEA Mayor David E. Carter.

Commissioner Schilling seconded by Commissioner Donnell moved to approve the minutes of the regular meeting held on November 2, 2004.

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Donnell seconded by Commissioner Gambill moved to approve the report of the Fire Department for the month of October.

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Schilling seconded by Commissioner Donnell moved to approve bills and payroll for the first half of November.

Bills & Payroll for first half of November, 2004

General Fund

Payroll	\$ 243,980.99
Bills	<u>\$ 63,110.96</u>
Total	\$ 307,091.95

Hotel Tax Fund

Payroll	\$ 2,843.23
Bills	<u>\$ 2,772.66</u>
Total	\$ 5,615.89

Festival Management

Bills	<u>\$ 3,437.35</u>
Total	\$ 3,437.35

Insurance & Tort Judgment

Bills	<u>\$ 226.71</u>
	\$ 226.71
Total	

Capital Project

Bills	<u>\$ 838.58</u>
Total	\$ 838.58

Water Fund

Payroll	\$ 38,212.01
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Bills	\$ 457,613.95
	Total \$ 495,825.96
<u>Sewer Fund</u>	
Payroll	\$ 37,680.58
Bills	\$ 56,271.25
	Total \$ 93,951.83
<u>Cemetery Fund</u>	
Payroll	\$ 3,750.94
Bills	\$ 1,915.63
	Total \$ 5,666.57
<u>Health Insurance Fund</u>	
Bills	\$ 42,318.20
	Total \$ 42,318.20
<u>Revolving Loan Fund</u>	
Bills	\$ 1,120.60
	Total \$ 1,120.60

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Schilling seconded by Commissioner Donnell moved to adopt Special Ordinance 2004-1050: authorizing the issuance of General Obligation Bonds (Sewerage Alternate Revenue Source), Series 2004A, and General Obligation Bonds (Alternate Revenue Source), Series 2004B, of the City of Mattoon, Coles County, Illinois, providing the details of such bonds and for alternate revenue sources and the levy of direct annual taxes, as applicable, sufficient to pay the principal of and interest on such bonds, and related matters.

SPECIAL ORDINANCE NO. 2004-1050

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS (SEWERAGE ALTERNATE REVENUE SOURCE), SERIES 2004A, AND GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2004B, OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES, AS APPLICABLE, SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS

WHEREAS, the City of Mattoon, Coles County, Illinois (the “**Issuer**”), is a non-home rule municipality duly established and operating under the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes and owns and operates its municipally-owned separate sewerage system (the “**Sewerage System**”) in accordance with the provisions of Division 141 of Article 11 of the Illinois Municipal Code (Section 5/11-141-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes), as supplemented and amended, and is entitled to receive a distributive share of Illinois income taxes pursuant to applicable law (the “**Revenue Sharing Receipts**”) imposed and distributed pursuant to applicable law (herein defined), or replacement, substitute or similar taxes therefore as provided by applicable law in the future; and

WHEREAS, of the estimated cost to provide for refunding the Prior Bonds (herein defined), and related legal, financial, bond discount, printing and publication costs, and other expenses in connection therewith, a sufficient amount is presently anticipated and planned to be paid from proceeds of the hereinafter described Bonds, and the Issuer presently has no funds available from existing or anticipated sources for such purposes; and

WHEREAS, the Issuer has insufficient funds to pay the costs of refunding the Prior Bonds and, therefore, must borrow money and issue one or more series of alternate bonds under this ordinance, from time to time, in evidence thereof in the aggregate principal amounts as herein provided for such purpose; and

WHEREAS, pursuant to the offering of the Bonds (as defined in Section 1) for negotiated sale and the related Preliminary Official Statement (the **“Preliminary Official Statement”**, which when supplemented and completed is to constitute a final **“Official Statement”**), the Issuer has determined to accept the Bond Purchase Agreements (which when executed and delivered each shall constitute a **“Purchase Agreement”**) submitted by R. W. Baird & Co. Incorporated, of Milwaukee, Wisconsin (the **“Underwriter”**), with respect to which the Issuer will execute a Continuing Disclosure Certificate and Agreement (the **“Disclosure Agreement”**) under Rule 15c2-12 of the Securities and Exchange Commission (**“Rule 15c2-12”**) and will either fund an amount sufficient to refund Prior Bonds with the paying agents for such Prior Bonds (the **“Refunding Deposit”**) or will fund an **“Escrow Account”** under the Escrow Agreement (the **“Escrow Agreement”**) with BNY Midwest Trust Company, Chicago, Illinois, as Escrow Agent (the **“Escrow Agent”**), to refund the Prior Bonds; and

WHEREAS, for convenience of reference only this ordinance is divided into numbered sections with headings, which shall not define or limit the provisions hereof, as follows:

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NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, as follows:

Section 1. Definitions. Certain words and terms used in this ordinance shall have the meanings given them herein, including above in the preambles hereto, and the meanings given them in this Section 1, unless the context or use clearly indicates another or different meaning is intended. Certain definitions are as follows:

“Act” means, collectively and as applicable, the Local Government Debt Reform Act (Section 350/1 *et seq.* of Chapter 30 (and particularly Section 350/15 thereof concerning alternate bonds) of the Illinois Compiled Statutes, as supplemented and amended, and Division 141 of Article 11 of the Illinois Municipal Code (Section 5/11-141-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes), the Illinois Municipal Code (65 ILCS 5/1-1-1 *et seq.*), and applicable law in connection with the imposition, distribution, receipt and application of the Revenue Source, as supplemented and amended (the **“Revenue Source Act”**), including, without limitation, by the Intergovernmental Cooperation Act [5 ILCS 220/1 *et seq.*], Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act.

“Alternate Bonds” means **“alternate bonds”** as described in Section 15 of the Local Government Debt Reform Act

(Section 350/15 of Chapter 30 of the Illinois Compiled Statutes), and includes expressly the Series 2003A, B and C Bonds.

“Bond” or **“Bonds”** means, collectively, the Issuer’s: Series 2004A Bonds; and Series 2004B Bonds, in each case as authorized to be issued by this ordinance, as supplemented and amended.

“Bond Order” means a certificate signed by the Mayor, and attested by the City Clerk and under the seal of the Issuer, setting forth and specifying details for each series of the Bonds, including, as the case may be, identification of a Policy and an Insurer, book-entry only registration, final interest rates, final maturity schedules, optional and mandatory redemption provisions, status as **“qualified tax-exempt obligations,”** designation of the Bond Registrar, Paying Agent, designation of the Bonds as “Series 2005A” instead of “Series 2004A,” and Series “2005B” instead of Series “2004B,” and for “2005A” for “2004A” and/or “2005B” for “2004B,” and, as applicable, a Refunding Deposit instead of an Escrow Account to refund the Prior Bonds, subject to not exceeding the specified aggregate principal amount for the Bonds or any increase in the aggregate taxes levied in each year in Section 10, pursuant to this ordinance.

“Bond Year” means each annual period of January 2 to the next January 1, for each series of Bonds, with the first Bond Year ending January 1, 2005 subject to such lawful elections as the Issuer may make.

“Code” means the Internal Revenue Code of 1986, as amended, and includes related and applicable Income Tax Regulations promulgated by the Treasury Department.

“Corporate Authorities” means the City Council of the Issuer.

“Depository” means a securities depository with respect to Bonds subject to global book entry registration, initially The Depository Trust Company (**“DTC”**), New York, New York.

“Disclosure Agreement” means the Issuer’s Continuing Disclosure Certificate and Agreement under Rule 15c2-12 related to the Bonds.

“Escrow Account” shall have the meaning above in the recitals to this ordinance.

“Escrow Agent” shall have the meaning above in the recitals to this ordinance.

“Escrow Agreement” shall have the meaning above in the recitals to this ordinance.

“Fiscal Year” means the twelve-month period constituting the Issuer’s fiscal year, not inconsistent with applicable law.

“Gross Revenues” means all income from whatever source derived from the Sewerage System, including: **(i)** user charges, fees, rates and other receipts; **(ii)** investment income; **(iii)** connection, permit and inspection fees and the like; and **(iv)** penalties and delinquency charges, but excluding expressly **(a)** nonrecurring income from the sale of real estate; **(b)** governmental or other grants; **(c)** advances or grants made to or from the Issuer; **(d)** capital development, reimbursement, or recovery charges and the like; **(e)** annexation or preannexation charges; and **(f)** as otherwise determined in accordance with generally accepted accounting principles for local government funds.

“Insurer” means, if any, the issuer of a Policy securing payment of one or more series of Bonds.

“Issuer” means the City of Mattoon, Coles County, Illinois.

“Junior Bond” means any Outstanding bond or Outstanding bonds payable from an applicable Junior Debt Service Account, in this case the **“Junior Debt Service Account,”** and includes expressly the Bonds.

“Net Revenues” means, with respect to the Sewerage System, Gross Revenues minus Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means all expenses of operating, maintaining and routine repair of the Sewerage System, including wages, salaries, costs of materials and supplies, power, fuel, insurance and related services; but excluding debt service, depreciation, or any reserve requirements, and otherwise as determined in accordance with generally accepted accounting principles for local government enterprise funds.

“Outstanding”, when used with reference to any referenced obligation, means any referenced obligation which is outstanding and unpaid; provided, however, such term shall not include obligations: **(i)** which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal and interest thereof, or **(ii)** the provision

for payment of which has been made by the Issuer by the deposit in an irrevocable trust or escrow of funds of direct, full faith and credit non-callable obligations of the United States of America, the principal and interest of which will be sufficient to pay at maturity or as called for redemption all the principal of and applicable premium on such obligations, and will not result in the loss of the exclusion from gross income of the interest thereon under Section 103 of the Code.

“Parity Bonds” means bonds or any other obligations which share ratably and equally in the applicable Pledged Revenues with either the Senior Bonds or the Junior Bonds, as set forth and provided for in any such ordinance authorizing the issuance of any such Parity Bonds.

“Pledged Revenues” means: (i) with respect to the Series 2004A Bonds -- the 2004A Revenue Source; and (ii) with respect to the Series 2004B Bonds -- the 2004B Revenue Source / with (ii) constituting a **“revenue source”** and Sewerage System Net Revenues for (i) constituting **“enterprise revenues,”** under the Local Government Debt Reform Act.

“Pledged Taxes” means the Taxes levied in Section 10 to secure and pay the Series 2004A Bonds and the Series 2004B Bonds.

“Policy” means an Insurer’s bond insurance policy or other credit facility securing payment of one or more series of Bonds.

“Prior Bonds” means, collectively, the 1998 and 1999 Bonds, to be refunded under this ordinance.

“Prior Ordinances” means, collectively, the 1998 and 1999 Ordinances.

“Prior Projects” means, collectively, the 1998 and 1999 Projects.

“Purchase Agreement” means the Bond Purchase Agreement with the Underwriter for the purchase of the Bonds, which upon acceptance and execution by the Issuer and the Underwriter constitutes the Purchase Agreement for the Bonds.

“Qualified Investments” means legal investments of the Issuer under applicable law, limited and restricted with respect to any applicable Insurer’s Policy.

“Refunding Deposit” shall have the meaning above in the recitals to this ordinance.

“Revenue Fund” means the Revenue Fund created and established under Section 12 of this ordinance with respect to the Series 2004B Bonds.

“Revenue Sharing Receipts” shall have the meaning above in the recitals to this ordinance.

“Revenue Sources” means, collectively, the 2004A and 2004B Revenue Sources.

“Rule 15c2-12” means Rule 15c2-12 of the Securities and Exchange Commission.

“Senior Bond” means any Outstanding bond or Outstanding bonds payable from the applicable Senior Debt Service Account of the Bond and Interest Account of the applicable Fund under this ordinance.

“Series 2004A Bonds” means the Issuer’s General Obligation Bonds (Sewerage Alternate Revenue Source), Series 2004A, issued under this ordinance.

“Series 2004B Bonds” means the Issuer’s General Obligation Bonds (Alternate Revenue Source), Series 2004B, issued under this ordinance.

“Series 1998 Bonds” or **“1998 Bonds”** means the Issuer’s outstanding General Obligation Sewerage Bonds (Alternate Revenue Source), Series 1998, to be refunded as provided in this ordinance, using Series 2004A Bond proceeds.

“Series 1999 Bonds” or **“1999 Bonds”** means the Issuer’s outstanding General Obligation Bonds (Alternate Revenue Source), Series 1999, to be refunded as provided in this ordinance, using Series 2004B Bond proceeds.

“Sewerage Fund” means the Issuer’s Sewerage Fund, as continued or created and established, as the case may be, with respect to the Series 2004A Bonds and the 1998 Bonds.

“1998 Ordinance” means, as supplemented and amended, the Issuer’s Ordinance No. 98-4957, adopted July 21, 1998, authorizing the 1998 Bonds.

“1999 Ordinance” means, as supplemented and amended, the Issuer’s Ordinance No. 99-4990, adopted June 15, 1999, authorizing the 1999 Bonds.

“1998 Project” means the sewerage facilities financed with 1998 Bond proceeds.

“1999 Project” means the municipal building facilities financed with 1999 Bond proceeds.

“2004A Revenue Source” means Net Revenues of the Issuer’s Sewerage System and Revenue Sharing Receipts.

“2004B Revenue Source” means Revenue Sharing Receipts.

“Underwriter” means R. W. Baird & Co. Incorporated, Milwaukee, Wisconsin, the underwriter in connection with the Bonds identified in the preamble to this ordinance.

Section 2. Preambles, Authority and Purpose. The Corporate Authorities hereby find that all the recitals contained in the preambles and recitals to this ordinance are true, complete and correct, and hereby incorporate them into this ordinance by this reference thereto. This ordinance is adopted pursuant to the Constitution and applicable laws of the State of Illinois, including the Act, for the purpose of paying all or a portion of the costs of refunding the Prior Bonds and costs of issuance of the Bonds. The Corporate Authorities hereby determine the period of usefulness of each Prior Project to be not less than twenty (20) years from the expected date of delivery of the Bonds.

Section 3. Authorization and Terms of Bonds. To meet all or a part of the estimated costs of refunding the Prior Bonds, there is hereby appropriated each applicable sum to be derived from the proceeds of each series of the Bonds. For the purpose of financing such appropriations, the Bonds of the Issuer shall be issued and sold from time to time in the aggregate principal amount set forth herein, shall be in four series designated: (i) **General Obligation Bonds (Sewerage Alternate Revenue Source), Series 2004A** (\$4,700,000 maximum aggregate principal amount); and (ii) **General Obligation Bonds (Alternate Revenue Source), Series 2004B** (\$2,500,000 maximum aggregate principal amount), and shall be issuable in the denominations of \$5,000 each or any authorized integral multiple thereof.

(a) **General Terms.** The Bonds of each series shall be numbered consecutively from 1 upwards in order of their issuance and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of the Bonds. Unless otherwise determined in an order to authenticate the Bonds (in any event to be as of or after November 15, 2004, and as of or before the date or dates of the issuance and sale thereof and acceptable to the Underwriter), each Bond shall be dated November 15, 2004. Subject to a Bond Order, the Bonds of each series are hereby authorized to bear interest at the rate or rate percent per annum not exceeding 5.00% and shall mature on January 1 of the years (subject to redemption, as the case may be), and in the principal amount in each of the years 2005 through 2018, inclusive, for the Series 2004A Bonds and each of the years 2005 through 2019, inclusive, for the Series 2004B Bonds.

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid, computed on the basis of a 360-day year consisting of twelve 30-day months, and payable in lawful money of the United States of America semiannually on each January 1 and July 1, commencing July 1, 2005, at the rates percent per annum herein provided. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal office of First Mid-Illinois Bank & Trust, N.A., the financial institution designated in this ordinance to act as the Paying Agent for the Bonds (including its successors, the **“Paying Agent”**), in Mattoon, Illinois. Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by First Mid-Illinois Bank & Trust, N.A., the financial institution designated in this ordinance to act as the Bond Registrar on behalf of the Issuer for such purpose (including its successors, the **“Bond Registrar”**), in Mattoon, Illinois, at the principal office of the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books.

(b) **Redemption.** The Bonds are subject to redemption as follows:

(i) **Optional Redemption.** Bonds maturing on and after January 1, 2015, shall be subject to redemption prior to maturity on January 1, 2014, and in each case thereafter in whole on any date or in part on any interest payment date, in any order of maturity specified (but in inverse order if none is specified), at a redemption price of par, plus accrued interest to the date fixed for redemption.

(ii) **Sinking Fund Redemption.** This subsection (b) shall apply only to the extent the applicable Bond Order shall specify any Term Bonds (the **“Term Bonds”**), and otherwise shall not apply. Bonds so specified as Term Bonds, if any, are subject to mandatory sinking

fund redemption in the principal amount on January 1 of the years so specified, but corresponding to the amounts specified above in Section 3 (a), or otherwise as duly set forth in a Bond Order.

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds the Issuer by furnishing the Bond Registrar and the Paying Agent an appropriate certificate of direction and authorization executed by the Mayor may: (i) deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or (ii) furnish the Paying Agent funds for the purpose of purchasing any of such Term Bonds as arranged by the Issuer; or (iii) receive a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for such Term Bonds which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with regard to future mandatory sinking fund redemption obligations for such Bonds in chronological order, and the principal amount of Bonds to be so redeemed as provided shall be accordingly reduced. In the event Bonds being so redeemed are in a denomination greater than \$5,000, a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of \$5,000 or any authorized integral multiple thereof.

(iii) Procedure. The Issuer covenants that it will redeem Bonds pursuant to the redemption provisions applicable to such Bonds. Proper provision for redemption having been made, the Issuer covenants that the Bonds so selected for redemption shall be payable as at maturity.

The Issuer shall, at least 45 days prior to an optional redemption date (unless a shorter time shall be satisfactory to the Bond Registrar), notify the Bond Registrar of any optional redemption date and of the principal amount of Bonds to be redeemed (no such notice shall be required in the case of any mandatory sinking fund redemption of Term Bonds). In the event that less than all of the Bonds of a particular series or maturity are called for redemption as aforesaid, as necessary, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than sixty (60) days or less than thirty (30) days prior to the redemption date by the Bond Registrar by such method as the Bond Registrar shall deem fair and appropriate; provided, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall promptly notify the Issuer in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner of Bonds to be redeemed, presentment for payment being conclusively such a waiver, notice of any such redemption shall be given by the Bond Registrar on behalf of the Issuer by mailing the redemption notice by first class mail not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by each such registered owner to the Bond Registrar.

All notices of redemption shall include at least the information as follows: (1) the identification of the particular Bonds to be redeemed; (2) the redemption date; (3) the redemption price; (4) if less than all of the Bonds of a particular maturity are to be redeemed, the identification numbers and maturities (and, in the case of partial redemption of any Bond, the respective principal amounts) of the Bonds to be redeemed; (5) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after such date; and (6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal payment office of the Paying Agent.

Prior to any redemption date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, together with accrued interest, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice nor any defect in any notice so mailed to any particular registered owner of a Bond shall affect the sufficiency of such notice with respect to any other registered owner. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or the redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid from available funds therefore by the Paying Agent at the redemption price. Interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for the partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the

principal, and premium, if any, shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be marked cancelled by the Bond Registrar and shall not be reissued.

In addition to the foregoing notice set forth above, further notice shall be given by the Bond Registrar on behalf of the Issuer as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any series or other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services, chosen in the discretion of the Bond Registrar, that disseminate notice of redemption of obligations such as the Bonds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify the series and the Bond or Bonds, or portion thereof, being redeemed with the proceeds of such check or other transfer.

Section 4. Registration of Bonds and Book-Entry. The Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein and related to book-entry only registration.

(a) **General** This subsection (a) is subject to the provisions of subsection (b) concerning book-entry only provisions. The Issuer shall cause books (the “**Bond Register**”) for the registration and for the transfer of the Bonds as provided in this ordinance to be kept at the designated principal payment office of the Bond Registrar, which is hereby constituted and appointed the Bond Registrar of the Issuer. The Issuer is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the Issuer for use in the issuance from time to time of the Bonds and in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal payment office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owners attorney duly authorized in writing, the Issuer shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the Issuer of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the fifteenth (15th) day of the calendar month next preceding any interest payment date on such Bond and ending on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for prepayment has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of prepayment and redemption of any Bond.

The person in whose name any Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium (if any) or interest on any Bond shall be made only to or upon the order of the registered owner thereof or such registered owners legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Issuer or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds exchanged in the case of the issuance of a Bond or Bonds for the outstanding portion of a Bond surrendered for redemption. In the event any registered owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such registered owner hereunder or under the Bonds.

The Mayor or City Treasurer may, in his or her discretion at any time, designate a bank with trust powers or trust company, duly authorized to do business as a bond registrar, paying agent, or both, to act in one or both such capacities hereunder, in the event the Mayor or City Treasurer shall determine it to be advisable. Notice shall be given to the registered owners of any such designation in the same manner, as near as may be practicable, as for a notice of redemption of Bonds, and as if the date of such successor taking up its duties were the redemption date.

(b) Book-Entry-Only Provisions. Unless otherwise set forth in a Bond Order, the Bonds shall be issued in the form of a separate single fully registered Bond of each series for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register therefore in a street name (initially “**Cede & Co.**” for DTC) of the Depository, or any successor thereto, as nominee of the Depository. As necessary, the outstanding Bonds from time to time may be registered in the Bond Register in a street name, as nominee of the Depository. The Issuer’s Mayor or City Treasurer is authorized to execute and deliver on behalf of the Issuer such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “**Representation Letter**”). Without limiting the generality of the authority given to the Mayor or City Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to **(a)** payment procedures, **(b)** transfers of the Bonds or of beneficial interest therein, **(c)** redemption notices and procedures unique to the Depository, **(d)** additional notices or communications, and **(e)** amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of a nominee of the Depository, the Issuer and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “**Depository Participant**”) or to any person on behalf of whom such a Depository Participant or an Indirect Participant holds an interest in the Bonds (an “**indirect participant**” or a “**beneficial owner**”). Without limiting the meaning of the foregoing, the Issuer and the Bond Registrar or Paying Agent shall have no responsibility or obligation with respect to **(a)** the accuracy of the records of the Depository, the nominee, or any Depository Participant, Indirect Participant or Beneficial Owner, with respect to any ownership interest in the Bonds, **(b)** the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or **(c)** the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds.

As long as the Bonds are held in a book-entry-only system, no person other than the nominee of the Depository, or any successor thereto, as nominee for the Depository, shall receive a Bond certificate with respect to any Bonds. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of the prior nominee, and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds as of the close of business on the fifteenth (15th) day (whether or not a business day) of the month next preceding the applicable interest payment date, the reference herein to nominee in this ordinance shall refer to such new nominee of the Depository.

In the event that **(a)** the Issuer determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, **(b)** the agreement among the Issuer, the Bond Registrar, the Paying Agent and the Depository evidenced by the Representation Letter shall be terminated for any reason or **(c)** the Issuer determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall notify the Depository and the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of a nominee of the Depository. At that time, the Issuer may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Issuer, or such depository’s agent or designee, and if the Issuer does not select such alternate book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof. Notwithstanding any other provision of this ordinance to the contrary, so long as any Bond is registered in the name of a nominee of the Depository, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 5. Execution and Authentication. Each Bond shall be executed in the name of the Issuer by the manual or authorized facsimile signature of its Mayor and the corporate seal of the Issuer, or a facsimile thereof, shall be thereunto affixed, impressed or otherwise reproduced or placed thereon and attested by the manual or authorized facsimile signature of its City Clerk. Temporary Bonds, in lieu of or preliminary to the availability of Bonds in definitive form, shall be and are hereby authorized and approved. Typewritten Bonds are authorized in the event Section 4(b) applies.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any Bond shall cease to hold such office before the issuance of such Bond, such Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such Bond had not ceased to hold such office. Any Bond may be signed, sealed or attested on behalf of the Issuer by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not hold such office. No recourse shall be had for the payment of any Bonds against any member of the Corporate Authorities or any officer or employee of the Issuer (past, present or future) who executes the Bonds, or on any other basis.

Each Bond shall bear thereon a certificate of authentication executed manually by the Bond Registrar. No Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall

have been duly executed by the Bond Registrar. Such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer or or signer for the Bond Registrar, but it shall not be necessary that the same signer or officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 6. Transfer, Exchange and Registration. Each Bond shall be transferable only upon the registration books maintained by the Bond Registrar on behalf of the Issuer for that purpose at the principal office of the Bond Registrar, by the registered owner thereof in person or by such registered owners attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owners duly authorized attorney. Upon the surrender for transfer of any such Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver a new Bond or Bonds registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Bond. Bonds, upon surrender thereof at the principal office of the Bond Registrar, with a written instrument satisfactory to the Bond Registrar, duly executed by the registered owner or such registered owners attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of the denomination of \$5,000 or any authorized integral multiple thereof, less previous retirements.

For every such exchange or registration of transfer of Bonds, the Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced Bonds.

The Issuer, the Paying Agent and the Bond Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest thereon and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon such registered owners order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

Section 7. Bond Registrar and Paying Agent. The Bond Registrar and Paying Agent with respect to this ordinance and the Bonds shall be First Mid-Illinois Bank & Trust, N.A., through its principal office in Mattoon, Illinois. The Issuer covenants that it shall at all times retain a Bond Registrar and Paying Agent with respect to the Bonds and shall cause to be maintained at the office of such Bond Registrar a place where Bonds may be presented for registration of transfer or exchange, that it will maintain at the designated office of the Paying Agent a place where Bonds may be presented for payment, that it shall require that the Bond Registrar maintain proper registration books and that it shall require the Bond Registrar and Paying Agent to perform the other duties and obligations imposed upon each of them by this ordinance in a manner consistent with the standards, customs and practices concerning municipal securities. The Issuer may enter into appropriate agreements with any Bond Registrar and any Paying Agent in connection with the foregoing, including as follows:

- (a) to act as Bond Registrar, authenticating agent, Paying Agent and transfer agent as provided herein;
- (b) to maintain a list in the Bond Register of the registered owners of the Bonds as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;
- (d) to give notices of redemption of Bonds to be redeemed;
- (e) to furnish the Issuer at least annually a certificate with respect to Bonds cancelled and/or destroyed; and
- (f) to furnish the Issuer at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

In any event, the Bond Registrar and Paying Agent shall comply with (a) - (f) above.

The Bond Registrar and Paying Agent shall signify their acceptances of the duties and obligations imposed upon them by this ordinance. The Bond Registrar by executing the certificate of authentication on any Bond shall be deemed to have certified to the Issuer that it has all requisite power to accept, and has accepted, such duties and obligations, including in the case of First Mid-Illinois Bank & Trust, N.A., as Paying Agent, not only with respect to the Bond so authenticated but with respect to all of the Bonds. The Bond Registrar and Paying

Agent are the agents of the Issuer for such purposes and shall not be liable in connection with the performance of their respective duties except for their own negligence or default. The Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on the Bonds.

The Issuer may remove the Bond Registrar or Paying Agent at any time. In case at any time the Bond Registrar or Paying Agent shall resign (such resignation to not be effective until a successor has accepted such role) or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Bond Registrar or Paying Agent, or of its property, shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or Paying Agent or of their respective properties or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Bond Registrar or Paying Agent, as the case may be. The Issuer shall mail or cause to be mailed notice of any such appointment made by it to each registered owner of Bonds within twenty (20) days after such appointment. Any Bond Registrar or any Paying Agent appointed under the provisions of this Section 7 shall be a bank, trust company or other qualified professional with respect to such matters, authorized to exercise such functions in the State of Illinois.

The Issuer shall provide to the Bond Registrar and Paying Agent a copy of any amendment to this ordinance or to the Bonds.

Section 8. Alternate Bonds; General Obligations. The Series 2004A Bonds and Series 2004B Bonds are and constitute Alternate Bonds under the Local Government Debt Reform Act, anticipated to be payable from applicable Pledged Revenues as Junior Bonds. The Bonds of each such series, regardless of the date or dates of their issuance, are on parity with each other within such series and shall share equally and ratably as to payment in the Pledged Revenues applicable to each series of Bonds. Under and pursuant to Section 15 of the Local Government Debt Reform Act, the full faith and credit of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on such Series 2004A and 2004B Bonds; such Series 2004A and 2004B Bonds shall be direct and general obligations of the Issuer; and the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Issuer's corporate limits, for the payment of each of the Series 2004A Bonds and Series 2004B Bonds and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being the **"Pledged Taxes"**), as provided herein.

The applicable Pledged Revenues for each of the Series 2004A and Series 2004B Bonds are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds, as applicable, the following: **(1)** Operation and Maintenance Expenses of the enterprise (i.e., but only for the Sewerage System for the Series 2004A Bonds), but not including depreciation, **(2)** the debt service on all Outstanding revenue bonds payable from Pledged Revenues, **(3)** all amounts required to meet any fund or account requirements with respect to such Outstanding revenue bonds, **(4)** other contractual or tort liability obligations, if any, payable from such Pledged Revenues, and **(5)** in each year, an amount not less than 1.25 times debt service of all **(i)** Alternate Bonds payable from such Pledged Revenues previously issued and outstanding, and **(ii)** Alternate Bonds payable from such Pledged Revenues proposed to be issued, including the Series 2004A and Series 2004B Bonds. To the extent payable from one or more revenue sources, the Pledged Revenues shall be and, with appropriate increases, are hereby determined by the Corporate Authorities to provide in each year an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of Alternate Bonds payable from such revenue sources previously issued and outstanding and Alternate Bonds proposed to be issued. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 2 of the Local Government Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery of such bonds. The Pledged Revenues (but only Gross Revenues for Operation and Maintenance Expenses) are hereby determined by the Corporate Authorities to provide in each year Operation and Maintenance Expenses, all amounts required to meet any fund or account requirements with respect to this ordinance, any other contractual or tort liability obligations, if any, payable from Pledged Revenues, and an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of all of the Outstanding Bonds, payable from such Pledged Revenues.

The determination of the sufficiency of the Pledged Revenues for the Prior Bonds was expected to be supported by, and was supported by, reference to the most recent audit of the Issuer, which was for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the Prior Bonds. If such Pledged Revenues were otherwise shown to be insufficient, the determination of sufficiency, if applicable law so required, and not otherwise, were to have been supported by the **"report"** of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters, demonstrating the sufficiency of such revenues and explaining, if appropriate, by what means the Pledged Revenues were to have been greater than as shown in the audit. Whenever the sufficiency of Pledged Revenues was to have been demonstrated by reference to higher rates or charges and fees for enterprise revenues (with respect to the use of the Sewerage System constituting applicable Pledged Revenues for the Series 2004A Bonds) such higher rates or charges and fees with respect to the use of the services of the Sewerage System were to have been properly imposed by an ordinance adopted prior to the time of delivery of the Prior Bonds. The Issuer has complied in this connection related to the Prior Bonds.

Section 9. Forms of Bonds. Unless Bonds in typewritten form are accepted or in any contract for the sale of the Bonds the purchaser or purchasers of the Bonds shall agree to accept typewritten or other temporary Bonds preliminary to the availability of, or in lieu of, Bonds in printed form prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute, Bonds shall comply therewith, and in any event shall be in substantially the following forms [provided, however, that appropriate insertions, deletions and modifications in the form of the Bonds may be made, including as to the custom

of printing Bonds in part on the front and back of certificates, a payment schedule and the issuance of a single Bond for each maturity, as the Underwriter thereof agrees or accepts, in an appropriate form approved by Bond counsel, not inconsistent herewith]:

(A) [Form/Series 2004A Bonds]

(B) [Form/Series 2004B Bonds]

SERIES 2004A BONDS]

UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF COLE
CITY OF MATTOON
GENERAL OBLIGATION BOND
(SEWERAGE ALTERNATE REVENUE SOURCE)
SERIES 2004A

REGISTERED NO. _____ REGISTERED \$ _____

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:

Registered Owner:

Principal Amount:

[1] **KNOW ALL BY THESE PRESENTS** that the City of Mattoon (the “**Issuer**”), a municipality situated in The County of Coles, in the State of Illinois, acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the later of the Dated Date hereof or the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America semiannually on the first (1st) days of January and July in each year, commencing July 1, 2005, until the Principal Amount hereof shall have been paid, by check or draft mailed to the Registered Owner of record hereof as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at the principal office of First Mid-Illinois Bank & Trust, N. A., in Mattoon, Illinois, as Bond Registrar (including its successors, the “**Bond Registrar**”). This Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond at the principal payment office of First Mid-Illinois Bank & Trust, N.A., in Mattoon, Illinois, as Paying Agent (including its successors, the “**Paying Agent**”). Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of \$500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date. The Bonds are payable from the receipts derived by the Issuer from certain Pledged Revenues (that is, from Net Revenues of the Sewerage System revenues derived from the Issuer’s operation of its municipally-owned separate sewerage system (the “**System**”) and Revenue Sharing Receipts); and although it is expected, and has been certified, that the Bonds are to be paid from such Sewerage System revenues and Revenue Sharing Receipts, which Pledged Revenues are pledged to the payment thereof, second, junior and subordinate to any bonds or other obligations thereon having or to have a prior claim, the full faith and credit of the Issuer, including the power to levy taxes without limit as to rate or amount are irrevocably pledged for the punctual payment of the principal of and interest on this Bond and each Bond of the series of which it is a part, according to the terms thereof.

[2] This Bond is one of a series of Bonds issued in the aggregate principal amount of \$_____, which are all of like tenor, except as to maturity, interest rate and right of and redemption, and which are authorized and issued under and pursuant to and in accordance with Ordinance No. _____, adopted by the City Council of the Issuer on _____, 2004, and entitled: “AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS (SEWERAGE ALTERNATE REVENUE SOURCE), SERIES 2004A, AND GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2004B, OF THE CITY OF MATTOON, COLES COUNTY, PROVIDING THE DETAILS OF SUCH BONDS AND FOR ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES, AS APPLICABLE, SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS,

AND RELATED MATTERS” (with respect to which undefined terms herein shall have the meanings therein, the “**Bond Ordinance**”, as supplemented and amended), pursuant to the Constitution and laws of the State of Illinois, including Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes, in connection with “**alternate bonds**”, as supplemented and amended), Division 141 of Article 11 of the Illinois Municipal Code (Section 5/11-141-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes), as supplemented and amended, and applicable law in connection with the imposition, distribution, receipt and application of Net Revenues of the Issuer’s Sewerage System, including by the Intergovernmental Cooperation Act [5 ILCS 220/1 *et seq.*], Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act. The Bonds are issued to refinance costs of the acquisition, construction and installation of Sewerage System Facilities, by refunding certain of the Issuer’s outstanding General Obligation Sewerage Bonds (Alternate Revenue Source), Series 1998, and costs of issuance of the Bonds.

[3] [Bonds maturing January 1, _____, are Term Bonds (the “**Term Bonds**”), subject to mandatory sinking fund redemption in the principal amount on January 1 of each of the years, as follows:

Jan. 1 of the Year	Principal Amount(\$)
_____	,000
_____	,000
_____	,000
_____	,000*

* To be paid at maturity unless
previously retired.]

Bonds of this series maturing on and after January 1, 20__, shall be subject to optional redemption prior to maturity on and after January 1, 20__, in whole on any date or in part on any interest payment date, in any order specified (but in inverse order if none is specified) of maturity, at a redemption price of par, plus accrued interest to the date fixed for redemption.

[4] In the event of the redemption of less than all the Bonds of like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an authorized integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by lot from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

[5] The Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the redemption date, together with interest to such redemption date, prior to the redemption date. Notice of the redemption of Bonds shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on the registration books therefore. The Bonds or portions thereof specified in such notice shall become due and payable at the redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, remain on deposit with the Paying Agent, and if notice of redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner), then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

[6] All notices of redemption shall include at least the information as follows: (1) the redemption date; (2) the redemption price; (3) if less than all of the Bonds of a given maturity are to be redeemed, the identification and, in the case of partial redemption of the Bonds, the respective principal amounts of the Bonds to be redeemed; (4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from such date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

[7] This Bond is transferable only upon the registration books therefore by the Registered Owner hereof in person, or by such Registered Owners attorney duly authorized in writing, upon surrender hereof at the principal office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or by such Registered Owners duly authorized attorney, and thereupon a new registered Bond or Bonds, in the denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Bond shall be issued to the transferee in exchange therefore. In like manner, this Bond may

be exchanged for an equal aggregate principal amount of Bonds of any authorized denomination.

[8] The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the month next preceding any interest payment date and ending on such interest payment date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of such Bond for redemption, nor to transfer or exchange any Bond after notice calling such Bond for prepayment has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of prepayment and redemption of any Bond. The Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Issuer, the Paying Agent and the Bond Registrar may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever, and all such payments so made to such Registered Owner or upon such Registered Owners order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

[9] No recourse shall be had for the payment of any Bonds against the Mayor or any member of the City Council or any other officer or employee of the Issuer (past, present or future) who executes any Bonds, or on any other basis. The Issuer may remove the Bond Registrar or Paying Agent at any time and for any reason and appoint a successor.

[10] This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

[11] The Issuer has designated the Bonds as “**qualified tax-exempt obligations**” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

[12] It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this Bond in order to make it a legal, valid and binding general obligation of the Issuer have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of Bonds of which this Bond is one, together with all other indebtedness of the Issuer is within every debt or other limit prescribed by law.

[13] **IN WITNESS WHEREOF**, the City of Mattoon, Coles County, Illinois, has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk, all as of the Dated Date set forth above.

(SEAL)

CITY OF MATTOON, Coles County
Illinois

Attest:

/s/ Susan J. O'Brien
City Clerk

/s/ David E. Carter
Mayor

[14] CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the General Obligation Bonds (Sewerage Alternate Revenue Source), Series 2004A, described in the within mentioned Bond Ordinance.

**FIRST MID-ILLINOIS BANK &
TRUST, N.A.**, Mattoon, Illinois,
as Bond Registrar

By: _____
Authorized Signer

Bond Registrar and First Mid-Illinois Bank & Trust, N.A.

Paying Agent: Mattoon, Illinois

[15] ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

[Name, Address and Tax Identification Number of Assignee]

the within Bond and hereby irrevocably constitutes and appoints _____
attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____

Signature

Signature Guarantee By:

(Name of Eligible Guarantor Institution as defined
by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

NOTICE: The signature on this assignment must correspond with the name of the Registered Owner as it appears upon the face
of the within Bond in every particular, without alteration or enlargement or any change whatever.
(C) [FORM/SERIES 2004B BONDS]

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
THE COUNTY OF COLES
CITY OF MATTOON
GENERAL OBLIGATION BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2004B**

REGISTERED NO. _____ **REGISTERED \$** _____

INTEREST RATE: **MATURITY DATE:** **DATED DATE:** **CUSIP:**

Registered Owner:

Principal Amount:

[1] **KNOW ALL BY THESE PRESENTS** that the City of Mattoon (the “**Issuer**”), a municipality situated in The County of Coles, in the State of Illinois, acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the later of the Dated Date hereof or the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America semiannually on the first (1st) days of January and July in each year, commencing July 1, 2005, until the Principal Amount hereof shall have been paid, by check or draft mailed to the Registered Owner of record hereof as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at the principal office of First Mid-Illinois Bank & Trust, N. A., in Mattoon, Illinois, as Bond Registrar (including its successors, the “**Bond Registrar**”). This Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond at the principal payment office of First Mid-Illinois Bank & Trust, N.A., in Mattoon, Illinois, as Paying Agent (including its successors, the “**Paying Agent**”). The Bonds are payable from the receipts derived by the Issuer from the Issuer’s distributive share of Illinois income taxes (“**Revenue Sharing Receipts**” and constitute “**Pledged Revenues**” for this series of Bonds) constituting the 2004B Revenue Source applicable to this series of

Bonds; and although it is expected, and has been certified, that the Bonds are to be paid from such Pledged Revenues, which Pledged Revenues are pledged to the payment thereof, the full faith and credit of the Issuer, including the power to levy taxes without limit as to rate or amount are irrevocably pledged for the punctual payment of the principal of and interest on this Bond and each Bond of the series of which it is a part, according to the terms thereof. Interest on each Bond also may be payable by wire or electronic transfer to (and at the expense of) any registered owner of a Bond or Bonds (as of the applicable record date) holding an aggregate principal amount of \$500,000 or more when such registered owner shall have requested such wire or electronic transfer payment to a bank in the continental United States by written instruction (with sufficient directions, including bank address and routing and account numbers) to the Paying Agent at least fifteen (15) days prior to an interest payment date.

[2] This Bond is one of a series of Bonds issued in the aggregate principal amount of \$_____, which are all of like tenor, except as to maturity, interest rate and right of and redemption, and which are authorized and issued under and pursuant to and in accordance with Ordinance No. _____, adopted by the City Council of the Issuer on _____, 2004, and entitled: “AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS (SEWERAGE ALTERNATE REVENUE SOURCE), SERIES 2004A, AND GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2004B, OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES, AS APPLICABLE, SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS” (with respect to which undefined terms herein shall have the meanings therein, the “**Bond Ordinance**”, as supplemented and amended), pursuant to the Constitution and laws of the State of Illinois, including Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes, in connection with “alternate bonds”, as supplemented and amended), applicable law in connection with the imposition, distribution and receipt of Revenue Sharing Receipts as the 2004B Revenue Source applicable to this series of Bonds, as supplemented and amended, including by the Intergovernmental Cooperation Act [5 ILCS 220/1 *et seq.*], Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act. The Bonds are issued to pay costs of refinancing the acquisition, construction and installation of certain municipal buildings and facilities by refunding certain of the Issuer’s outstanding General Obligation Bonds (Alternate Revenue Source), 1999, and costs of issuance of the Bonds.

[3] [Bonds maturing on January 1, _____ are Term Bonds (the “**Term Bonds**”), subject to mandatory sinking fund redemption in the principal amount on January 1 of each of the years, as follows:

<u>Jan. 1 of the Year</u>	<u>Principal Amount(\$)</u>
_____	,000
_____	,000
_____	,000
_____	,000*

* To be paid at maturity unless
previously retired.]

Series 2004B Bonds maturing on and after January 1, 20___, shall be subject to redemption prior to maturity on and after January 1, 20___, in whole on any date or in part on any interest payment date, in any order of maturity specified (but in inverse order if none is specified), at a redemption price of par, plus accrued interest to the date fixed for redemption.

[4] In the event of the redemption of less than all the Bonds of like maturity, the aggregate principal amount thereof to be redeemed shall be \$5,000 or an authorized integral multiple thereof, and the Bond Registrar shall assign to each Bond of such maturity a distinctive number for each \$5,000 principal amount of such Bond and shall select by such method as the Bond Registrar shall deem fair and appropriate from the numbers so assigned as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided that only so much of the principal amount of each Bond shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected.

[5] The Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the redemption date, together with interest to such redemption date, prior to the redemption date. Notice of the redemption of Bonds shall be given by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption to the registered owners of Bonds to be redeemed at their last addresses appearing on the registration books therefore. The Bonds or portions thereof specified in such notice shall become due and payable at the redemption price on the redemption date therein designated, and if, on the redemption date, moneys for payment of the redemption price of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, remain on deposit with the Paying Agent, and if notice of

redemption shall have been mailed as aforesaid (and notwithstanding any defect therein or the lack of actual receipt thereof by any registered owner), then from and after the redemption date interest on such Bonds or portions thereof shall cease to accrue and become payable. If there shall be drawn for redemption less than all of a Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the Bond so surrendered, Bonds of like maturity and of the denomination of \$5,000 or any authorized integral multiple thereof.

[6] All notices of redemption shall include at least the information as follows: (1) the redemption date; (2) the redemption price; (3) if less than all of the Bonds of a given maturity are to be redeemed, the identification and, in the case of partial redemption of the Bonds, the respective principal amounts of the Bonds to be redeemed; (4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from such date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

[7] This Bond is transferable only upon the registration books therefore by the Registered Owner hereof in person, or by such Registered Owners attorney duly authorized in writing, upon surrender hereof at the principal office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or by such Registered Owners duly authorized attorney, and thereupon a new registered Bond or Bonds, in the denominations of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this Bond shall be issued to the transferee in exchange therefore. In like manner, this Bond may be exchanged for an equal aggregate principal amount of Bonds of any authorized denomination.

[8] The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the calendar month next preceding any interest payment date and ending on such interest payment date or during a period of fifteen (15) days next preceding the mailing of a notice of redemption which could designate all or a part of such Bond for redemption, nor to transfer or exchange any Bond after notice calling such Bond for prepayment has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of prepayment and redemption of any Bond. The Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Issuer, the Paying Agent and the Bond Registrar may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever, and all such payments so made to such Registered Owner or upon such Registered Owners order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

[9] No recourse shall be had for the payment of any Bonds against the Mayor or any member of the City Council or any other officer or employee of the Issuer (past, present or future) who executes any Bonds, or on any other basis. The Issuer may remove the Bond Registrar or Paying Agent at any time and for any reason and appoint a successor.

[10] This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

[11] The Issuer has designated the Bonds as “**qualified tax-exempt obligations**” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

[12] It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this Bond in order to make it a legal, valid and binding general obligation of the Issuer have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of Bonds of which this Bond is one, together with all other indebtedness of the Issuer is within every debt or other limit prescribed by law.

[13] **IN WITNESS WHEREOF**, the City of Mattoon, Coles County, Illinois, has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk, all as of the Dated Date set forth above.

(SEAL)

CITY OF MATTOON, Coles County,
Illinois

Attest:

/s/ Susan J. O'Brien
City Clerk

/s/ David E. Carter
Mayor

[14]

CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the General Obligation Bonds (Alternate Revenue Source), Series 2004B, described in the within mentioned Bond Ordinance.

**FIRST MID-ILLINOIS BANK &
TRUST, N.A.**, Mattoon, Illinois,
as Bond Registrar

By: _____
Authorized Signer

Bond Registrar and First Mid-Illinois Bank & Trust, N.A.
Paying Agent: Mattoon, Illinois

[15]

ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto _____

[Name, Address and Tax Identification Number of Assignee]

the within Bond and hereby irrevocably constitutes and appoints _____
attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated _____
Signature

Signature Guarantee By:

(Name of Eligible Guarantor Institution as defined
by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

NOTICE: The signature on this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 10. Levy and Extension of Taxes. For the purpose of providing the money required to pay the interest on each series of the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature, there shall be levied upon all the taxable property within the Issuer's corporate limits in each year while any of the Bonds shall be Outstanding, a direct annual tax sufficient for that purpose and there is hereby levied upon all of the taxable property within the Issuer's corporate limits, in addition to all other taxes, the following direct annual taxes, in the amounts for each year, as follows (as applicable, the "**Levied Taxes**" and "**Pledged Taxes**"):

For Each

Year

A Tax Sufficient to Produce the Sum of (\$):

2004	621,987.50 for interest and principal
2005	621,276.00 for interest and principal
2006	619,845.00 for interest and principal
2007	622,710.00 for interest and principal
2008	619,640.00 for interest and principal
2009	620,865.00 for interest and principal
2010	617,145.00 for interest and principal
2011	624,442.50 for interest and principal
2012	628,492.50 for interest and principal
2013	630,277.50 for interest and principal
2014	625,812.50 for interest and principal
2015	630,362.50 for interest and principal

2016
2017

638,480.00 for interest and principal
199,785.00 for interest and principal

To the extent lawful, interest or principal coming due at any time when there shall be insufficient funds on hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes herein levied; and when such taxes shall have been collected, reimbursement shall be made to such fund or funds from which such advance was made in the amounts thus advanced.

As soon as this ordinance becomes effective, a copy thereof, certified by the City Clerk of the Issuer, which certificate shall recite that this ordinance has been duly adopted, shall be filed with the County Clerk of Coles County, Illinois, who is hereby directed to ascertain the rate percent required to produce the aggregate tax provided to be levied in the years 2004 *et seq.* inclusive, through 2017, as set forth above and to extend the same for collection on the tax books in connection with other taxes levied in each of such years, in and by the Issuer for general corporate purposes of the Issuer, and in each of such years such annual tax shall be levied and collected in like manner as taxes for general corporate purposes for each of such years are levied and collected and, when collected, such taxes shall be used solely for the purpose of paying the principal of and interest on the Bonds herein authorized as the same become due and payable.

The Issuer covenants and agrees with the registered owners of the Bonds that so long as any of the Bonds remain Outstanding, and except as to conform the tax levies to actual interest rates in a Bond Order different than as set forth in Section 3a above, the Issuer will not cause the abatement of the foregoing taxes and otherwise will take no action or fail to take any action which in any way would adversely affect the ability of the Issuer to levy and collect the foregoing taxes, unless and to the extent there then shall be moneys irrevocably on deposit therefore in the applicable debt service account or accounts established under Section 12 below. The Issuer and its officers will comply with all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the applicable debt service accounts established in Section 12 below to pay the principal of and interest on the Bonds; and whenever the debt service deposit requirements in this paragraph have been satisfied, the Corporate Authorities shall duly direct the abatement of the Pledged Taxes for the year with respect to which such taxes have been levied, to the extent so satisfied, and appropriate certification of such abatement shall be timely filed with the County Clerk of Coles County in connection with such abatement. If for any reason there is abatement of such levy of taxes and the failure thereafter to pay debt service in respect of such abatement, the additional amount, to-gether with additional interest accruing, shall be added to the tax levy in the year of, or the next year following, such failure.

Section 11. Related Agreements. The Purchase Agreement, the Escrow Agreement and the Disclosure Agreement, in substantially the forms thereof presented before the meeting of the Corporate Authorities at which this ordinance is adopted, shall be and are hereby approved and authorized to be executed, delivered and performed.

The Official Statement in connection with each series of the Bonds, as presented before the Corporate Authorities in preliminary form, shall be and is hereby approved, deemed final under Rule 15c2-12 and is authorized to be used by the Underwriter in the offering and sale of the Bonds. The Preliminary Official Statement is hereby authorized to be completed to constitute a final Official Statement under such Rule 15c2-12. The Issuer is authorized to cooperate with the Underwriter in connection with compliance by the Underwriter with Rule 15c2-12 and applicable rules of the Municipal Securities Rulemaking Board related to the Bonds.

All things done with respect to the Purchase Agreement, the Disclosure Agreement, the Escrow Agreement and the Official Statement by the Issuer's Mayor, City Clerk, City Treasurer or City Attorney, in connection with the issuance and sale of the Bonds, shall be and are hereby in all respects ratified, confirmed and approved. The Mayor, City Clerk, City Treasurer, City Attorney and other officials of the Issuer are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Issuer, each and every thing necessary for the issuance of the Bonds, including the proper execution, delivery and performance by the Issuer of the Official Statement, the Disclosure Agreement, the Purchase Agreement, the Escrow Agreement, and related instruments and certificates, such documents to be in substantially the form presented at the meeting of the Corporate Authorities which the ordinance is adopted, with such changes therein as the officers executing them shall approve, and the purchase by and delivery of the Bonds to or at the direction of the Underwriter.

No elected or appointed officer of the Issuer is in any manner interested, directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation in the Purchase Agreement.

Section 12. Funds and Accounts. The (I) Sewerage Fund and (II) Revenue Fund shall be created and established, or continued, as the case may be.

(I) SEWERAGE FUND (SERIES 2004A BONDS). Upon the issuance of any of the Series 2004A Bonds the Sewerage System shall continue to be operated on a Fiscal Year basis commencing on the first day of May and ending the last day of April of each calendar year. All of the revenues from any source whatsoever derived from the operation of the Sewerage System shall continue to be set aside as collected and

be deposited in separate fund and in accounts in a bank to be designated or continued under another ordinance, as the case may be, by the Corporate Authorities, which funds are hereby created and established or continued, as the case may be, as the Issuer's **"Sewerage Fund"**, which shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of this ordinance related to the Series 2004A Bonds including, without limitation, the establishment (or continuance and redesignation as desirable) within such fund of the **"Operation and Maintenance Account"**, the **"Bond and Interest Account"** (within which may be a **"Senior Debt Service Account"** and/or **"Senior Reserve Account"** and there shall be a **"Junior Debt Service Account"**, with respect to the Series 2004A Bonds and may be a **"Junior Reserve Account"**, the **"Depreciation Account"**, the **"Reserve Account"** and the **"Surplus Account"**.

First, there shall be deposited to or retained in the **Operation and Maintenance Account** an amount sufficient, when added to the amount then on deposit in such Account, to establish or maintain a balance to an amount not less than the amount considered necessary to pay operation and maintenance expenses for the Sewerage System for the then current month. Then, within the Waterworks Fund and the Sewerage Fund, there shall be credited and paid into the Junior Debt Service Account, on or before the first day of each month after any Series 2004A Bonds is issued, by the City Treasurer or other appropriate financial officer of the Issuer, without any further official action or direction than this ordinance, in the order in which such Accounts are hereinafter mentioned (provided that any Pledged Taxes with respect to the Series 2004A Bonds shall be deposited directly into a **"Pledged Taxes Subaccount"** of the Junior Debt Service Account), subject to the requirements of any account having a prior claim, all moneys in the Sewerage Fund in accordance with the following provisions:

(a) **Senior Debt Service Account.** There next shall be credited to the Senior Debt Service Account and held, in cash and investments, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Senior Bonds, if any, payable from each such Account and also a fractional amount of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Senior Bonds, if any, payable from each such Account until there shall have been accumulated and held, in cash and investments, in the Senior Debt Service Account in or before the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both.

All moneys in each such Account shall be used only for the purpose of paying interest on and principal of applicable Outstanding Senior Bonds, if any.

(b) **Senior Reserve Account.** There shall next be credited to the Senior Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which Outstanding Senior Bonds have been or are to be authorized and issued.

Amounts to the credit of the Senior Reserve Account shall be used to pay principal of or interest on such Outstanding Senior Bonds of the Sewerage System at any time when there are insufficient funds available in the Senior Debt Service Account to pay the same as may be provided in the applicable ordinances and shall be transferred to such Account for such purpose.

(c) **Junior Debt Service Account:** After the initial deposit required by Section 13, there shall be deposited and credited to the Junior Debt Service Account and held, in cash and investments, a fractional amount (not less than 1/6) of the interest becoming due on the next succeeding interest payment date on all Outstanding Junior Bonds and also a fractional amount (not less than 1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal maturity date of all of the Outstanding Junior Bonds until there shall have been accumulated and held in cash and investments in each Account on or before the month preceding such interest payment date or principal maturity date, or both, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in the Junior Debt Service Account, the fraction shall be so computed that a sufficient amount will be set aside in the Junior Debt Service Account and will be available for the prompt payment of such principal of and interest on all Outstanding Junior Bonds and shall be not less than one-sixth (1/6) of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth (1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal payment date on all Outstanding Junior Bonds until there is sufficient money in the Junior Debt Service Account to pay such principal or interest, or both.

Credits into the Junior Debt Service Account may be suspended in any Bond Year at such time as there shall be a sufficient sum held in cash and investments in such Account to meet principal and interest requirements in such Account for the balance of such Bond Year, but such credits shall again be resumed at the beginning of the next Bond Year. All moneys in the Junior Debt Service Account shall be used only for the purpose of paying interest and principal and applicable premium on the applicable Outstanding Junior Bonds.

Receipts of (i) Pledged Taxes and/or (ii) Revenue Sharing Receipts with respect to the Series 2004A Bonds shall be deposited directly into, as applicable, a separate (i) **"Pledged Taxes Subaccount"** and (ii) **"Revenue Sharing Receipts Subaccount"**, of the Junior Debt Service Account and as required by this ordinance shall be used solely and only to pay debt service on the Series 2004A Bonds.

(d) Junior Reserve Account. There shall next be credited to the Junior Reserve Account and held, in cash and investments or as otherwise provided, such amount or amounts at such times as may be required in the applicable ordinance or ordinances by which Outstanding Junior Parity Bonds are authorized and issued.

Amounts to the credit of the Junior Reserve Account shall be used to pay principal of or interest on the applicable Outstanding Junior Bonds as they may secure at any time when there are insufficient funds available in the Junior Debt Service Account to pay the same as may be provided in the applicable ordinances and shall be transferred to such Account for such purpose.

(e) Depreciation Account: There next shall be deposited in and credited to each applicable Depreciation Account such amounts as the Corporate Authorities from time to time by resolution or other appropriate action direct.

Amounts to the credit of a Depreciation Account shall be used for **(i)** the payment of the costs of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the Sewerage System may at all times be able to render efficient service and, although it is not expected, **(ii)** the payment of principal of or interest and applicable premium on any Outstanding bonds payable from the Pledged Revenues of the Sewerage System at any time when there are no other funds available for that purpose in order to prevent a default and shall be transferred to the appropriate account or accounts for such purpose.

Whenever an amount is withdrawn from the Depreciation Account for the purpose stated in clause (ii) of the preceding paragraph, the Issuer shall have undertaken a rate study of the Sewerage System by a qualified accountant, engineer or other finance professional. Each expenditure to be made from a Depreciation Account or the purpose stated in clause (i) of the preceding paragraph shall be made only after an approving vote of the Corporate Authorities has certified that such expenditure is necessary to the continued effective and efficient operation of the applicable System.

(f) Surplus Account: All moneys remaining in the Sewerage Fund, after crediting the required amounts to the respective Accounts above, and after making up any deficiency in the Accounts above, shall be used, if at all, for one or more of the following purposes (and not for any general corporate purpose) without any priority among them:

(1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the Sewerage System; or

(2) For the purpose of calling and redeeming Outstanding bonds payable from Net Revenues of the Sewerage System which are callable at the time; or

(3) For the purpose of paying principal and interest and applicable premium on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the applicable System; or

(4) For any other lawful purpose, including the authorized purchase of outstanding bonds payable from Net Revenues of the Sewerage System at the applicable price plus applicable premium and accrued interest.

(g) Investments: Money to the credit of the funds, accounts and subaccounts under this part I shall be invested from time to time by the Issuer's Treasurer in **(i)** interest-bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, **(ii)** obligations unconditionally guaranteed as to both principal and interest by the United States of America, or **(iii)** certificates of deposit or time deposits of any bank or savings and loan association, as defined by Illinois laws, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation and provided further that the principal of such deposits are secured by a pledge of obligations as described in clauses (g) (i) and (g) (ii) above in the full principal amount of such deposits, or otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by the Treasurer of the Issuer as funds may be needed for the purpose for which such Accounts have been created. All interest on any funds so invested shall be credited to the applicable Account of the Sewerage Fund and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from the applicable Subaccount or Account of the Sewerage Fund. Moneys in any of such accounts shall be invested by the Issuer's Treasurer, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury Securities - State and Local Government Series, if available, and to such end the Issuer's Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

(II) REVENUE FUND (SERIES 2004B BONDS). Upon the issuance under this ordinance of any of any series of Bonds, the Issuer shall continue to be operated on a Fiscal Year basis commencing on the first day of May and ending the last day of April of each calendar year, and all of the Revenue Sharing Receipts constituting Pledged Revenues shall be set aside as collected and be deposited in a separate fund and in an account in a bank to be designated or continued under another ordinance, as the case may be, by the Corporate Authorities, which fund is hereby created and established or continued, as the case may be, as the Issuer's "**Revenue Fund (2004)**", which shall constitute a trust fund

for the sole purpose of carrying out the covenants, terms, and conditions of this ordinance related to the Series 2004B Bonds as provided herein, including, without limitation, the establishment (or continuance) therein, as applicable, of the **“Bond and Interest Account”** (within which there may be a **“Senior Debt Service Account”** and there shall be a **“Junior Debt Service Account,”** including therein a separate **“Pledged Revenues Subaccount”** identified with respect to the Series 2004B Bonds), and the **“Surplus Account”**.

(a) **Senior Debt Service Account.** There next shall be credited to the Senior Debt Service Account and held, in cash and investments, a fractional amount (not less than 1/6) of the interest becoming due on the next succeeding interest payment date on all Outstanding Senior Bonds, payable from such Account and also a fractional amount (not less than 1/12) of the principal becoming due or subject to mandatory redemption on the next succeeding principal maturity or mandatory redemption date of all of the Outstanding Senior Bonds, if any, payable from such Account until there shall have been accumulated and held, in cash and investments, in the Senior Debt Service Account in or before the month preceding such maturity date of interest or maturity or mandatory redemption date of principal, an amount sufficient to pay such principal or interest, or both.

All moneys in such Account shall be used only for the purpose of paying interest on and principal of applicable Outstanding Senior Bonds.

In computing the fractional amount to be set aside each month in such Senior Debt Service Account, the fraction shall be so computed that a sufficient amount will be set aside in such Senior Debt Service Account and will be available for the prompt payment of such principal of and interest on all Outstanding Senior Bonds and shall be not less than one-sixth (1/6) of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth (1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal payment date on all Outstanding Senior Bonds until there is sufficient money in such Senior Debt Service Account to pay such principal or interest, or both.

Credits into such Senior Debt Service Account may be suspended in any Bond Year at such time as there shall be a sufficient sum held in cash and investments in such Account to meet principal and interest requirements in such Account for the balance of such Bond Year, but such credits shall again be resumed at the beginning of the next Bond Year. All moneys in such Senior Debt Service Account shall be used only for the purpose of paying interest and principal and applicable premium on Outstanding Junior Bonds.

(b) **Junior Debt Service Account:** After the initial deposit required by Section 13, there shall be deposited and credited to the Pledged Revenues Subaccount for the Series 2004B Bonds of the Junior Debt Service Account and held, in cash and investments, a fractional amount (not less than 1/6) of the interest becoming due on the next succeeding interest payment date on each applicable series of Outstanding Junior Bonds and also a fractional amount (not less than 1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal maturity date of each applicable series of the Outstanding Junior Bonds until there shall have been accumulated and held in cash and investments in such Junior Debt Service Account and the applicable Pledged Revenues Subaccount on or before the month preceding such interest payment date or principal maturity date, or both, an amount sufficient to pay such principal or interest, or both.

In computing the fractional amount to be set aside each month in such Pledged Revenues Subaccount of the Junior Debt Service Account, the fraction shall be so computed that a sufficient amount will be set aside in each such Pledged Revenues Subaccount of the Junior Debt Service Account and will be available for the prompt payment of such principal of and interest on each applicable series of Outstanding Junior Bonds and shall be not less than one-sixth (1/6) of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth (1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal payment date on each applicable series of Outstanding Junior Bonds until there is sufficient money in such Pledged Revenues Subaccount of the Junior Debt Service Account to pay such principal or interest, or both.

Credits into each such Pledged Revenues Subaccount of the Junior Debt Service Account may be suspended in any Bond Year at such time as there shall be a sufficient sum held in cash and investments in such Account to meet principal and interest requirements in such Account for the balance of such Bond Year, but such credits shall again be resumed at the beginning of the next Bond Year. All moneys in such Junior Debt Service Account shall be used only for the purpose of paying interest and principal and applicable premium on each applicable series of Outstanding Junior Bonds.

Receipts of Pledged Taxes with respect to the Series 2004B Bonds shall be deposited into a separate **“Pledged Taxes Subaccount”** of the Junior Debt Service Account and shall be used solely and only to pay debt service on the Series 2004B Bonds.

(c) **Surplus Account:** All moneys remaining in the Revenue Fund, after crediting the required amounts to the respective Accounts above, and after making up any deficiency in the Accounts above, shall be used, if at all, for one or more of the following purposes (including for any general corporate purpose) without any priority among them:

- (1) For the purpose of calling and redeeming Outstanding bonds payable from applicable Pledged Revenues which are

callable at the time; or

(2) For the purpose of paying principal and interest and applicable premium on any subordinate bonds or obligations; or

(3) For any other lawful purpose, including the authorized purchase of outstanding bonds payable from applicable Pledged Revenues, including applicable premium and accrued interest.

(d) **Investments:** Moneys to the credit of the funds, accounts and subaccounts under this part (II) may be invested from time to time by the Issuer's Treasurer in (i) interest-bearing bonds, notes, or other direct full faith and credit obligations of the United States of America, (ii) obligations unconditionally guaranteed as to both principal and interest by the United States of America, or (iii) certificates of deposit or time deposits of any bank or savings and loan association, as defined by Illinois laws, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation and provided further that the principal of such deposits are secured by a pledge of obligations as described in clauses (d) (i) and (d) (ii) above in the full principal amount of such deposits, or otherwise collateralized in such amount and in such manner as may be required by law. Such investments may be sold from time to time by the Treasurer of the Issuer as funds may be needed for the purpose for which such Accounts have been created. All interest on any funds so invested shall be credited to the applicable Account of the Fund and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from the applicable Account of the Fund. Moneys in any of such accounts and subaccounts shall be invested by the Issuer's Treasurer, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury Securities - State and Local Government Series, if available, and to such end the Issuer's Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

Section 13. Bond Proceeds Account. Except for accrued interest received on the sale of each series of Bonds (and an amount of applicable Bond proceeds or other available funds to pay interest to and including the first interest payment date as specified in a Bond Order), which shall be deposited upon issuance of the Bonds into the applicable Junior Debt Service Account, all remaining proceeds derived from the sale of each series of the Bonds, net of issuance costs directly paid by the Underwriter, shall be deposited in the **"Bond Proceeds Account"** identified to each series of Bonds as (**"Series 2004[A and B]"**), within each of which there further shall be, as applicable, a **"Proceeds Subaccount"** with respect to applicable project and issuance costs, and a **"Refunding Subaccount"** with respect to applicable refunding costs not paid by a deposit into an Escrow Account or a Refunding Deposit, which are hereby established as special accounts and subaccounts of the Issuer. Moneys in the applicable subaccount or subaccounts of the Bond Proceeds Account shall be used for the purposes specified in Section 3 of this ordinance (that is, the costs of each applicable refunding with respect to which that series of Bonds was issued) and for the payment of costs of issuance of the Bonds, but may hereafter be reappropriated and used for other lawful purposes in accordance with applicable law. Before any such reappropriation shall be made, there shall be filed with the City Clerk of the Issuer an opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, or other nationally recognized Bond counsel (**"Bond Counsel"**) to the effect that such reappropriation is authorized and will not adversely affect the tax-exempt status of the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Moneys in each subaccount of the Bond Proceeds Account be withdrawn from time to time as needed for the payment of costs and expenses incurred by the Issuer in connection with each applicable refunding and for paying the fees and expenses incidental thereto. Moneys shall be withdrawn from the depository in connection with such funds from time to time by the City Treasurer or other appropriate financial officer of the Issuer only upon submission to such officer of the following (provided that funds to refund Prior Bonds shall be directly applied without this process either from an applicable Refunding Account or Escrow Account under an Escrow Agreement):

A duplicate copy of the order signed by the Mayor, or such other officer(s) as may from time to time be by law authorized to sign and countersign orders of the Issuer, the Bond Proceeds Account and the purpose for which the order is issued and indicating that the payment for which the order is issued has been approved by the Corporate Authorities.

Within sixty (60) days after completion of any Project, the Mayor shall certify to the Corporate Authorities the fact that the work or issuance cost payment has been completed, and after all costs have been paid, the Mayor shall execute a completion certificate and file it with the City Treasurer and in the records of the Issuer certifying that the work or issuance cost payment

has been completed and that all costs have been paid; and, if at that time any funds remain in the applicable Bond Proceeds Account, the same shall be applied for other authorized improvements or work or such officer shall credit such funds to the Junior Debt Service Account applicable to the related series of Bonds, as the Corporate Authorities direct. If not applied to applicable facilities or improvements or issuance costs within 90 days of filing such completion certificate, the City Treasurer shall transfer such funds to the Junior Debt Service Account applicable to the related series of Bonds.

Section 14. Issuance of Additional Bonds. In connection with Series 2004A and Series 2004B Bonds, subject to any senior ordinance or bonds authorizing Senior Bonds, the Issuer reserves the right to issue:

(a) Parity Bonds payable from applicable Pledged Revenues without limit provided that the applicable Pledged Revenues, as determined or as adjusted as hereinbelow set out shall be sufficient to provide for or pay all of the following (as

applicable): (i) Operation and Maintenance Expenses of the Sewerage System (with respect to Sewerage System Net Revenues and the Series 2004A Bonds), but not including depreciation, (ii) debt service on all Outstanding bonds payable from such Pledged Revenues computed immediately after the issuance of any proposed Parity Bonds, (iii) all amounts required to meet any fund or account requirements with respect to such Outstanding bonds, (iv) other contractual or tort liability obligations then due and payable, if any, and (e) an additional amount not less than 0.25 times debt service (as provided in Section 15 of the Local Government Debt Reform Act) on such of the Alternate Bonds as shall remain Outstanding bonds after the issuance of the proposed Parity Bonds. Such sufficiency shall be calculated for each year to the final maturity of such Alternate Bonds which shall remain Outstanding after the issuance of the proposed Parity Bonds. The determination of the sufficiency of the applicable Pledged Revenues shall be supported by reference to the most recent audit of the Issuer, which audit shall be for a Fiscal Year ending not earlier than eighteen (18) months previous to the time of issuance of the proposed Parity Bonds. If such audit shows the applicable Pledged Revenues to be insufficient, then the determination of sufficiency, supported by a “**report**” under the Local Government Debt Reform Act, may be made in either of the following two ways:

1. The applicable source of Pledged Revenues may be adjusted in the event there has been an increase in the rates or revenues of the Sewerage System from the revenues or the rates in effect for the Fiscal Year of such audit (if such rate increase is still in effect at the time of the issuance of such proposed Parity Bonds) or other applicable Pledged Revenues to show such Pledged Revenues as they would have been if such increased rates had been in effect during all of such Fiscal Year. Any such adjusted statement of Pledged Revenues shall be evidenced by the certificate of an independent consulting engineer, an independent certified public accountant or an independent financial consultant employed for such purpose, in accordance with applicable law.

2. The determination of sufficiency of such Pledged Revenues may be supported by the report of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters, demonstrating the sufficiency of the applicable Pledged Revenues and explaining by what means they will be greater than as shown in the audit and sufficient under the Local Government Debt Reform Act.

The reference to and acceptance of an audit, an adjusted statement of the Pledged Revenues, or a report, as the case may be, and the determination of the Corporate Authorities of the sufficiency of the applicable Pledged Revenues shall be conclusive evidence that the conditions of this Section 14(a) have been met and that the Parity Bonds are properly issued hereunder; and no right to challenge such determination is granted to the registered owners of the Bonds.

(b) bonds or other obligations payable from applicable Pledged Revenues subordinate to the lien of any prior or superior bonds which remain Outstanding after the issuance of such bonds or other obligations.

Section 15. Arbitrage Rebate. The Issuer shall comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, relating to the rebate of certain investment earnings at periodic intervals to the United States of America to the extent that such compliance is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on any series of the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. There is hereby authorized to be created a separate and special accounts identified to each issue of the Bonds, each to be known as the “**Rebate Account**”, and further identified “**Series 2004 [A, B]**” to each applicable series of Bonds or into which there shall be deposited as necessary investment earnings to the extent required so as to maintain the tax-exempt status of the interest on the applicable series of Bonds under Section 148(f) of the Internal Revenue Code of 1986, as amended. All rebates, special impositions or taxes for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from applicable excess earnings or other sources which are to be deposited into the appropriate Rebate Account.

Section 16. Investment Regulations. All investments shall be in Qualified Investments, unless otherwise expressly herein provided. No investment shall be made of any moneys in the Junior Debt Service Account, related to each series of the Bonds, or the Bond Proceeds Account related to each series of the Bonds, except in accordance with the tax covenants and other covenants set forth in Section 17 of this ordinance. All income derived from such investments in respect of moneys or securities in any fund or account shall be credited in each case to the fund or account in which such moneys or securities are held.

Any moneys in any fund or account that are subject to investment yield restrictions may be invested in United States Treasury Securities, State and Local Government Series, pursuant to the regulations of the United States Treasury Department, Bureau of Public Debt. The City Treasurer or other appropriate financial officer of the Issuer and agents designated by such officer are hereby authorized to submit on behalf of the Issuer subscriptions for such United States Treasury Securities and to request redemption of such United States Treasury Securities.

Section 17. Non-Arbitrage and Tax-Exemption. One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Corporate Authorities and the Issuer as to future events regarding the Bonds and the use of Bond proceeds. The certifications and representations made herein and at the time of the issuance of the Bonds are intended, and may be relied

upon, as certifications and expectations described in Section 1.148-0 *et seq.* of the Income Tax Regulations dealing with arbitrage and rebate (the “**Regulations**”). The covenants and agreements contained herein and at the time of the issuance of the Bonds are made for the benefit of the registered owners from time to time of the Bonds. The Corporate Authorities and the Issuer agree, certify, covenant and represent as follows:

(a) The Bonds are being issued to pay costs of refunding the Prior Bonds and related costs and expenses, and all of the amounts received upon the sale of the Bonds, plus all investment earnings thereon (the “**Proceeds**”) are needed for the purposes for which the Bonds are being issued. The Prior Bonds will be retired as provided in an Escrow Account or as provided with respect to one or more Refunding Deposits. The call for redemption of the Prior Bonds on January 1, 2007 is hereby authorized.

(b) The Issuer has entered into, or did within six months from the date of issue of the Prior Bonds enter into, binding contracts or commitments obligating it to spend at least 5% of the proceeds of, as applicable, each issue of the Prior Bonds for constructing, acquiring and installing a particular Prior Project. The work of acquiring, constructing and installing the Prior Projects continued to proceed with due diligence to completion within 3 years of issuance, at which time all of the Prior Bond Proceeds were spent and all of the Bond Proceeds are expected to be spent. There are no unspent Prior Bond proceeds.

(c) The Issuer has on hand no funds which could legally and practically be used for refunding the Prior Bonds which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the Proceeds will be used (i) directly or indirectly to replace funds of the Issuer or any agency, department or division thereof that could be used for refunding the Prior Bonds or the Projects, or (ii) to replace any proceeds of the Bonds or any prior issuance of obligations by the Issuer. No portion of any issue of the Bonds is being issued solely for the purpose of investing Proceeds at a Yield higher than the Yield on any issue of Bonds. For purposes of this Section, “**Yield**” means that yield (that is, the discount rate) which when used in computing the present worth of all payments of principal and interest to be paid on an obligation (using semi-annual compounding on the basis of a 360-day year) produces an amount equal to the purchase price of the applicable series of the Bonds, including accrued interest, and the purchase price of the Bonds is equal to the first offering price at which more than 10% of the principal amount of each maturity of a particular series of the Bonds is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers).

(d) All principal proceeds of the Bonds, net of accrued interest and issuance costs directly paid by the Underwriter, will be deposited in the applicable Bond Proceeds Account (or deposited as Refunding Deposits with the paying agents for the applicable Prior Bonds or funding an Escrow Account under an Escrow Agreement) and used to pay costs of the Projects or refunding the Prior Bonds and costs of issuance of the Bonds, and any accrued interest and premium received on the delivery of the Bonds will be deposited in the applicable Junior Debt Service Account and used to pay the first interest due on the Bonds. Earnings on the investment of moneys in any fund or account or subaccount will be credited to that fund or account. Other refunding costs, including issuance costs of the Bonds, will be paid directly from other proceeds or from the applicable Bond Proceeds Account, and no other moneys are expected to be deposited therein. This ordinance provides that moneys in the Depreciation Account may be applied to pay debt service on the Series 2004A Bonds in the event there shall be an insufficiency therefore. However, due to the expected application of such moneys to pay costs of replacement, repair and extraordinary maintenance of the Sewerage System, it is unlikely such moneys will be available for such purpose. Interest on and principal of the Bonds will be paid from the applicable Junior Debt Service Account. Except as provided in an Escrow Agreement, no Proceeds will be used more than ninety (90) days after the date of issue of the Bonds for the purpose of paying any principal or interest on any other issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the Issuer or for the purpose of replacing any funds of the Issuer used for such purpose.

(e) Each Junior Debt Service Account is established to achieve a proper matching of revenues and earnings with debt service in each year for the related series of Bonds. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that any moneys deposited in the applicable Junior Debt Service Account will be spent within the 12-month period beginning on the date of deposit therein. Any earnings from the investment of amounts in the applicable Junior Debt Service Account will be spent within a one-year period beginning on the date of receipt of such investment earnings. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that each Junior Debt Service Account will be depleted at least once a year, except for a reasonable carryover amount not to exceed the greater of (i) one-year’s earnings on the investment of moneys in each Junior Debt Service Account, or (ii) in the aggregate one-twelfth (1/12th) of the annual debt service on the applicable series of related Bonds.

(f) Other than the applicable Junior Debt Service Account, no funds or accounts, including any Depreciation Account, have been or are expected to be established, and no moneys or property have been or are expected to be pledged (no matter where held or the source thereof) which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purposes. No property of any kind is pledged to secure, or is available to pay, obligations of the Issuer to any credit enhancer or liquidity provider.

(g) (i) All amounts on deposit in the applicable Bond Proceeds Account or in the applicable Junior Debt Service Account and all Proceeds, no matter in what funds or accounts deposited (“**Gross Proceeds**”), to the extent not exempted in (ii) below, and all amounts in any fund or account or subaccount pledged directly or indirectly to the payment of the related series of Bonds which will be available to pay, directly or indirectly, the related series of Bonds or restricted so as to give reasonable assurance of their availability for such purpose contrary to the expectations set forth in (f) above, shall be invested at market prices and at a Yield not in excess of the Yield on such Bonds plus, for amounts in the applicable Bond Proceeds Account to be applied to finance Municipal facilities, if any, 1/8 of 1%.

(ii) The following may be invested without Yield restriction:

(A) amounts invested in obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended (but not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code), the interest on which is not includable in the gross income of any registered owner thereof for federal income tax purposes (“**Tax-Exempt Obligations**”);

(B) amounts deposited in the applicable Junior Debt Service Account that are reasonably expected to be expended within thirteen (13) months from the deposit date and have not been on deposit therein for more than thirteen (13) months;

(C) amounts, if any, in the Bond Proceeds Account of 2003 to be applied to a Project to the earlier of completion (or abandonment) of such improvements or three (3) years from the date of issue of the particular series of related Bonds for each such Project;

(D) an amount not to exceed the lesser of \$100,000 or 5% of a particular series of Bond proceeds;

(E) all amounts for the first thirty (30) days after they become Gross Proceeds (e.g., date of deposit in any fund or account securing a particular series of Bonds); and

(F) all amounts (other than with respect to refundings) derived from the investment of the Proceeds for a period of one (1) year from the date received.

(h) Subject to (q) below, once moneys are subject to the Yield limits of (g)(i) above, such moneys remain Yield restricted until they cease to be Gross Proceeds.

(i) Pursuant to Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the Issuer may not be excepted from the required rebate of arbitrage profits on the Bonds. The Issuer is a governmental unit with general taxing powers, none of the Bonds is a “**private activity bond**” as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended, and all the net proceeds of the Bonds are to be used for the local government activities of the Issuer (i.e., refunding certain Prior Bonds), the aggregate face amount of all tax-exempt obligations (and excluding “**private activity bonds**” as defined in Internal Revenue Code of 1986, as amended) to be issued by the Issuer and all subordinate entities thereof (of which there are none) during the calendar year of issuance of the Bonds, including the Bonds, is reasonably expected to exceed \$5,000,000 to be taken into account under such Section 148(f)(4)(D). In any event, the Issuer reserves the right to use any applicable exception from such arbitrage rebate, including the 6-month expenditure and 2-year construction spend down exception under Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended, or the 18-month expenditure exception under Section 1.148-7(d) of the Regulations, and the Mayor is authorized to select and document any such exception. The Issuer is authorized to execute, deliver and perform an arbitrage regulation agreement related to the Bonds and arbitrage rebate.

(j) None of the Proceeds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(k) The payment of the principal of or the interest on any series of the Bonds will not be, directly or indirectly: (A) secured by any interest in (i) property used or to be used for a private business use by any person other than a state or local governmental unit, or (ii) payments in respect of such property, or (B) derived from payments (whether or not by or to the Issuer), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(l) None of the Proceeds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(m) No user of any Prior Projects, other than a state or local government unit, will use the Prior Projects on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of such Prior Projects as a result of (i) ownership, or (ii) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (iii) any other similar arrangement.

(n) Beginning on the 15th day prior to the sale date of each series of Bonds, the Issuer has not sold or delivered, and will not sell or deliver, (nor will it deliver within 15 days after the date of issuance of such Bonds) any other obligations pursuant to a common plan of financing, which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the particular series of Bonds or will be paid directly or indirectly from Proceeds.

(o) No portion of the Prior Projects is expected to be sold or otherwise disposed of prior to the last maturity of the particular Bonds to which it relates.

(p) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Internal Revenue Service as a bond issuer which may certify bond issues under Section 1.148-0 *et seq.* of the Regulations.

(q) The Yield restrictions contained in (g) above or any other restriction or covenant contained herein need not be observed and may be changed if the Issuer receives an opinion of Bond Counsel to the effect that such non-observance or change will not adversely affect the tax-exempt status of interest on any series of Bonds to which such Bonds otherwise are entitled.

(r) The Issuer acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein and that Bond Counsel should be contacted if such changes do occur.

(s) The Corporate Authorities have no reason to believe the facts, estimates, circumstances and expectations set forth herein are untrue or incomplete in any material respect. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the Proceeds or any other moneys or property will be used in a manner that will cause the Bonds to be private activity bonds, arbitrage bonds or hedge bonds within the meaning of Sections 141, 148 or 149(g) of the Internal Revenue Code of 1986, as amended, and of applicable regulations. To the best of the knowledge and belief of the Corporate Authorities, such expectations are reasonable, and there are no other facts, estimates and circumstances that would materially change such expectations.

The Issuer also agrees and covenants with the registered owners of each series of Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with all present federal tax law and related regulations and with whatever federal tax law is adopted and regulations promulgated in the future which apply to such Bonds and affect the tax-exempt status of such Bonds.

Section 18. Further Assurances and Actions. The Corporate Authorities hereby authorize the officials of the Issuer responsible for issuing the Bonds, the same being the Mayor, City Clerk and City Treasurer of the Issuer, to make such further filings, covenants, certifications and supplemental agreements (including but not limited to Purchase Agreements, Disclosure Agreements, Escrow Agreements and arbitrage regulation agreements) as may be necessary to assure that the Prior Projects, each series of the Bonds, and related proceeds, will not cause any of the Bonds to be private activity bonds, arbitrage bonds or hedge bonds and to assure that the interest on each series of the Bonds will be excluded from gross income for federal income tax purposes and that there will be compliance by the Underwriter with Rule 15c2-12. In connection therewith, the Issuer and the Corporate Authorities further agree: (a) through the officers of the Issuer, to make such further specific covenants, representations as shall be true, correct and complete, and assurances as may be necessary or advisable; (b) to consult with Bond Counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Issuer in such compliance. The call to retire the Prior Bonds is hereby authorized and approved or ratified if already given.

Section 19. General Covenants. The Issuer covenants and agrees with the registered owners of the Outstanding Bonds, so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The Issuer will take all action necessary to impose, levy, collect and apply the Pledged Revenues and Pledged Taxes in the manner contemplated by this ordinance and such Pledged Revenues shall not be less than as shall be required under Section 15 of the Local Government Debt Reform Act to maintain the Series 2004A and Series 2004B Bonds as Alternate Bonds according to their respective terms.

(b) In connection with Alternate Bonds, the Issuer covenants that it will, while any of the Bonds shall remain

outstanding, charge rates and fees (including for usage of the Sewerage System for the Series 2004A Bonds) which, together with any other Pledged Revenues applicable to a related series of Bonds, are sufficient to provide for or pay each of the following in any given year: (1) Operation and Maintenance Expenses of the Sewerage System (but not including depreciation for the Series 2004A Bonds); (2) debt service on all Outstanding revenue bonds payable from the applicable Pledged Revenues; (3) all amounts required to meet any fund or account requirements with respect to the Bonds, remaining Prior Bonds, as applicable, or any other obligations payable from applicable Pledged Revenues; (4) any other contractual or tort liability obligations, if any, payable from applicable Pledged Revenues; and (5) in each year, an amount not less than 1.25 times the debt service for all (i) Alternate Bonds payable from applicable Pledged Revenues, and the Bonds Outstanding; and (ii) Alternate Bonds proposed to be issued and payable from the applicable Pledged Revenues.

(c) Whenever the 125% coverage in subsection (b) above is not effected or any Alternate Bonds under this ordinance at any time fail to qualify as Alternate Bonds not subject to any applicable debt limit under Section 15 of the Local Government Debt Reform Act or taxes are levied and extended and collected as in Section 10 hereof, the Issuer covenants to promptly have prepared a financial analysis of, as applicable, Net Revenues of the Sewerage System or other Pledged Revenues by an independent consulting accountant or other qualified professional employed for that purpose, and further, to send a copy of such analysis, when completed, to the Underwriter of each series of the Bonds along with a letter indicating what action the Issuer has taken responsive to such study and to comply with Section 15 of the Local Government Debt Reform Act.

(d) The Issuer will make and keep proper books and accounts (separate and apart from all other records and accounts of the Issuer), in which complete entries shall be made of all transactions relating to the Pledged Taxes, the Pledged Revenues and the operation of the Sewerage System, and hereby covenants that within 120 days following the close of each Fiscal Year, it will cause the books and accounts related to the Pledged Revenues and the Sewerage System and the Pledged Taxes, to be audited by independent certified public accountants. Such audit will be available for inspection by the registered owners of any of the Bonds. Supplemental to the Disclosure Agreement, upon request, the Issuer will send to the Underwriter a copy of such audit and of its general audit in each year. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

- (i) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the funds and accounts under this ordinance.
- (ii) A list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy.
- (iii) The amount and details of all Outstanding bonds.
- (iv) The accountants comments regarding the manner in which the Issuer has carried out the accounting requirements of this ordinance (including as to the Alternate Bond status of the Bonds) and has complied with Section 15 of the Local Government Debt Reform Act, and the accountants recommendations for any changes.

It is further covenanted and agreed that a copy of each such audit upon request shall be furnished upon completion to the Underwriter.

(e) The Issuer will keep its books and accounts in accordance with generally accepted fund reporting practices for local government entities and enterprise funds; provided, however, that the monthly credits to each Junior Debt Service Account shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this ordinance, investments shall be valued at the lower of the cost or market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

(f) The Issuer will take no action in relation to the Pledged Revenues or the Pledged Taxes which would unfavorably affect the security of any of the Outstanding Bonds or the prompt payment of the principal and interest thereon or qualification of any Bonds as Alternate Bonds.

(g) The registered owner of any Bond may proceed by civil action to compel performance of all duties required by law and this ordinance.

(h) The Issuer will adopt a budget and/or approve appropriations for the Sewerage System prior to the beginning of each Fiscal Year (or in the next quarter if applicable law permits), subject to all applicable state laws, providing for payment of all sums to be due in the Fiscal Year or Bond Year so as to comply with the terms of this ordinance. The budget may include in its estimate of income the use of available surplus moneys or other funds of the Issuer appropriated for such purposes. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the Issuer will adopt an amended budget for the remainder of the Fiscal Year,

providing for receipts or payments pursuant to this ordinance.

(i) The Issuer will comply with the special covenants concerning Alternate Bonds as required by Section 15 of the Local Government Debt Reform Act and this ordinance.

(j) The Issuer will not sell, lease, loan, mortgage or in any manner dispose of or encumber the Sewerage System or the Prior Projects (subject to the right of the Issuer to issue additional bonds (i.e. including Parity Bonds) as provided in this ordinance, to issue obligations subordinate to the Outstanding Bonds, and to dispose of real or personal property which is no longer useful or necessary to the operation of the Sewerage System or to the function of the Prior Projects), and the Issuer will take no action in relation to the Sewerage System or the Prior Projects which would unfavorably affect the security of any of any Outstanding Bonds or the prompt payment of the principal and interest thereon.

(k) The Issuer will pay, or cause to be paid, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed, imposed or levied against the Sewerage System or the Issuer or to the Projects and Prior Projects.

(l) The Issuer will carry insurance on the Sewerage System and on the Prior Projects of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting engineer or insurance consultant employed by the Issuer for the purpose of making such recommendations. All moneys received for loss under such insurance policies shall be deposited in a segregated insurance account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the facilities related to the Series 2004A Bonds shall be considered an Operation and Maintenance Expense for the Sewerage System. The proceeds derived from any and all policies for workers compensation or public liability shall be paid into a segregated account and used in paying the claims on account of which they were received.

(m) After their issuance, to the extent lawful each issue of the Bonds shall be incontestable by the Issuer.

Section 20. Ordinance to Constitute a Contract. The provisions of this ordinance shall constitute a contract between the Issuer and the registered owners of the Bonds. Any pledge made in this ordinance and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of the Bonds. All of the Alternate Bonds issued under this ordinance, regardless of the time or times of their issuance, shall be of equal rank in the related or shared Pledged Revenues without preference, priority or distinction of any of such Bonds over any other thereof (or of each series, as applicable), except as expressly provided in or pursuant to this ordinance. This ordinance, as supplemented and amended, shall constitute full authority for the issuance of the Bonds, and to the extent that the provisions thereof conflict with the provisions of any other ordinance or resolution of the Issuer, the provisions of this ordinance shall control.

Section 21. Severability and No Contest. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance or any ordinance supplemental hereto. Upon the issuance of the Bonds, neither the Bonds nor this ordinance shall be subject to contest by or in respect of the Issuer, to the extent lawful.

Section 22. Bank Qualified Bonds. Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Issuer as applicable at the time of sale and delivery of Bonds shall designate in an applicable Bond Order such Bonds as “**qualified tax-exempt obligations**” as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer by any such designation represents that the reasonably anticipated amount of tax-exempt obligations that will be issued by the Issuer and all subordinate entities (of which there are none) of the Issuer during the calendar year in which the Bonds are issued will not exceed \$10,000,000 within the meaning of or to be taken into account under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer by any such designation covenants that in that connection it will not so designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in such calendar year. For purposes of this Section, the term “**tax-exempt obligations**” includes “**qualified 501(c)(3) Bonds**” (as defined in the Section 145 of the Internal Revenue Code of 1986, as amended) but does not include other “**private activity bonds**” (as defined in Section 141 of the Internal Revenue Code of 1986, as amended).

Section 23. Conflict. All ordinances, resolutions or parts thereof in conflict herewith be and the same are hereby superseded to the extent of such conflict and this ordinance shall be in full force and effect forthwith upon its adoption.

Section 24. Effective Date. Prior to its adoption, this ordinance was on file in the City Clerk’s office for public inspection in the form finally passed for at least one week prior to the date of passage, in accordance with Section 4-5-13 of the Illinois Municipal Code.

This ordinance shall become effective immediately upon its passage and approval in the manner provided by law, and upon its becoming effective and upon or prior to the issuance of the Bonds a certified copy of this ordinance shall be filed with the County Clerk of Coles County, Illinois.

Upon motion by Commissioner Schilling, seconded by Commissioner Donnell, adopted this 16th day of November, 2004, by roll call vote as follows:

Ayes (Names): Commissioner Donnell, Commissioner Gambill,
Commissioner Hesse, Commissioner Schilling,
Mayor Carter

Nays (Names): None

Absent (Names): None

APPROVED: November 16th, 2004

(SEAL)

ATTEST: /s/ David E. Carter
Mayor

/s/ Susan J. O'Brien
City Clerk

Closing Item No. 1

STATE OF ILLINOIS)
COUNTY OF COLES) SS.
CITY OF MATTOON)

CERTIFICATION OF ORDINANCE

I, the undersigned, do hereby certify that I am the duly selected, qualified and acting City Clerk of the City of Mattoon, Coles County, Illinois (the **“Issuer”**), and as such official I am the keeper of the records and files of the Issuer and of its City Council (the **“Corporate Authorities”**).

I do further certify that the attached constitutes a full, true and complete excerpt from the proceedings of the regular meeting of the Corporate Authorities held on the 16th day of September, 2004, insofar as the same relates to the adoption of Special Ordinance No. 2004-1050, entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS (SEWERAGE ALTERNATE REVENUE SOURCE), SERIES 2004A AND GENERAL OBLIGATION BONDS (ALTERNATE REVENUE SOURCE), SERIES 2004B, OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES, AS APPLICABLE, SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS,

a true, correct and complete copy of which ordinance (the **“Ordinance”**) as adopted at such meeting appears in the transcript of the minutes of such meeting and is hereto attached. The Ordinance was adopted and approved by the vote and on the date therein set forth.

I do further certify that the deliberations of the Corporate Authorities on the adoption of such Ordinance were taken openly, that the adoption of such Ordinance was duly moved and seconded, that the vote on the adoption of such Ordinance was taken openly and was preceded by a public recital of the nature of the matter being considered and such other information as would inform the public of the business being conducted, that such meeting was held at a specified time and place convenient to the public, that notice of such meeting was duly given to all of the news media requesting such notice, that such meeting was called and held in strict compliance with the provisions of the open meeting laws of the State of Illinois, as amended, and the Illinois Municipal Code, as amended, and that the Corporate Authorities have complied with all of the applicable provisions of such open meeting laws and such Code and their procedural rules in the adoption of such Ordinance.

I do further certify that the ordinance was on file in the City Clerk’s office for public inspection in the form finally passed for at least one week prior to the date of passage, in accordance with Section 4-5-13 of the Illinois Municipal Code.

IN WITNESS WHEREOF, I hereunto affix my official signature and the seal of the City of Mattoon, Coles County, Illinois, this 16th day of November, 2004.

(SEAL) /s/ Susan J. OBrien
City Clerk

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Mayor Carter seconded by Commissioner Schilling moved to adopt Special Ordinance 2004-1051, approving an interest rate and terms for a \$26,500 loan from the Revolving Loan Fund to Moni Sheehan d/b/a MMAS DQ, Inc. to assist with the acquisition of new equipment for the Dairy Queen premises located at 320 North 19th Street.

CITY OF MATTOON, ILLINOIS

SPECIAL ORDINANCE NO. 2004-1051

AN ORDINANCE APPROVING AN INTEREST RATE AND TERMS FOR A \$26,500 LOAN FROM THE REVOLVING LOAN FUND TO MONI SHEEHAN D/B/A MMAS DQ, INC TO ASSIST WITH THE ACQUISITION OF NEW EQUIPMENT FOR THE DAIRY QUEEN PREMISES LOCATED AT 320 NORTH 19TH STREET

WHEREAS, the City of Mattoon has a Community Development Assistance Program (CDAP) Revolving Loan (RLF) Program, and,

WHEREAS, MMAS DQ, Inc. ("Dairy Queen"), Mattoon, Illinois has submitted a Revolving Loan Fund (RLF) Application for RLF funds in the amount of twenty-six thousand five-hundred dollars (\$ 26,500) for equipment purchases.

WHEREAS, The Mattoon Revolving Loan (RLF) Committee has reviewed said RLF Application and recommends City Council approval in accordance with applicable Federal, State and Local guidelines,

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Mattoon as follows:

Section 1. That the City Council hereby approves the MMAS DQ, Inc. RLF loan request in the amount of twenty-six thousand five-hundred dollars (\$ 26,500) for a fixed interest rate of 50% of the prime interest rate or 3%, which ever is less at the time of loan closing, and for a term of seven (7) years.

Section 2. The Municipal Clerk is hereby directed to file a certified copy of this ordinance in the City Revolving Loan File.

Section 3. This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

Section 4. This ordinance shall be effective upon its approval as provided by law.

Upon motion by Mayor Carter, seconded by Commissioner Schilling, adopted this 16th day of November, 2004, by a roll call vote, as follows:

AYES (Names): Commissioner Donnell, Commissioner Gambill,
Commissioner Hesse, Commissioner Schilling,
Mayor Carter

NAYS (Names): None

ABSENT (Names): None

Approved this 16th day of November, 2004.

s/ David E. Carter
David E. Carter, Mayor

City of Mattoon, Coles County, Illinois

ATTEST: APPROVED AS TO FORM

/s/ Susan J. O'Brien

/s/ J. Preston Owen

Susan O'Brien, City Clerk

J. Preston Owen, City Attorney

Recorded in the Municipality's Records on November 17, 2004.

Mayor Carter opened the floor for discussion. Mr. Doug McDermund of Coles County Regional Planning announced that the Revolving Loan Fund reviewed the application and approved the application by a unanimous decision.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Mr. Mark Sheehan of MMAS DQ Inc. thanked the RLF Committee, Commissioners for supporting the community, and praised Doug McDermund for his hard work and accessibility, so they could meet the franchise requirements.

Mayor Carter seconded by Commissioner Gambill moved to adopt Special Ordinance 2004-1052: rezoning the site of the old water treatment plant from R-1 to C-4 to enable its potential sale for commercial uses with outside storage.

CITY OF MATTOON, ILLINOIS

SPECIAL ORDINANCE NO. 2004-1052

AN ORDINANCE REZONING THE SITE OF THE OLD WATER TREATMENT PLANT FROM R-1 TO C-4 TO ENABLE ITS POTENTIAL SALE FOR COMMERICAL USES WITH OUTSIDE STORAGE

WHEREAS, there was filed with the City Clerk of the City of Mattoon, County of Coles and State of Illinois, a certain Petition requesting the rezoning of the site of the old water treatment plant from R-1 to C-4 to enable its potential sale for commercial uses with outside storage; and

WHEREAS, said Petition was submitted by Public Works Director David Wortman on behalf of the municipality; and

WHEREAS, said Petition was set for public hearing before the Zoning Board of Appeals on November 2, 2004, due notice of said hearing was published and posted in accordance with procedures specified in the Mattoon Zoning Ordinance; and

WHEREAS, said public hearing was duly held on November 2, 2004, before the Board of Appeals; there being no objectors present and no written objections filed; and

WHEREAS, said Petition was duly presented to the Planning Commission for consideration on November 8, 2004 and the said Planning Commission recommended that the rezoning be granted; and,

WHEREAS, the Zoning Board of Appeals duly met on November 16, 2004, and the Board having considered the recommendation of the Planning Commission and the evidence taken at the public hearing, did approve and recommend the proposed rezoning from R-1, Single Family Residential, to C-4, General Commercial.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. The Zoning Ordinance of the City of Mattoon and the Zone Map being part of said Ordinance, are hereby amended by a

rezoning of the following described property from R-1, Single Family Residential, to C-4, General Commercial.

Tract I

A part of the West Half of the North East Quarter of Section 24, Township 12 North, Range Seven East of the Third Meridian, more particularly described as follows:

Commencing at a stone at the North Quarter corner of Section 24, Township 12 North, Range 7 East of the Third Principle Meridian; thence on an assumed azimuth 180 degrees 00 minutes 00 seconds along the west line of the Northeast Quarter of said Section 24, 1204.20 feet to a concrete monument being the point of beginning; thence azimuth 83 degrees 49 minutes 54 seconds, 405.07 feet to an iron pin with cap number 3140; thence azimuth 189 degrees 58 minutes 39 seconds, 596.42 feet to a concrete monument on the North line of the Jefferson Addition Subdivision; thence azimuth 269 degrees 09 minutes 54 seconds, 100.54 feet to an iron pin at the Northwest corner of said Jefferson Addition Subdivision; thence azimuth 180 degrees 19 minutes 51 seconds, 29.49 feet to an iron pin on the North right of way line of the former P.D. and E. Railroad; thence azimuth 306 degrees 02 minutes 44 seconds along the said north right of way line, 373.84 feet to an iron pin with cap number 3140 on the west line of the Northeast Quarter of said Section 24 thence azimuth 0 degrees 00 minutes 00 seconds, 363.87 feet along the said west line to the Point of Beginning, containing 4.768 acres, more or less, all situated in the City of Mattoon, Coles County, Illinois.

Tract II

Commencing at the center of Section 24, Township 12 North, Range 7 East of the third Principle Meridian, Coles County, Illinois; thence northerly on an assumed bearing of North 00 degrees 00 minutes 00 seconds East 615.75 feet to the point of beginning; thence North 0 degrees 00 minutes 00 seconds East 369.5 feet to a point which is on the South Right of Way Line of the Illinois Central Railroad; thence South 53 degrees 50 minutes 00 seconds East 624.83 feet along said Right of Way to a point; thence South 89 degrees 21 minutes 30 seconds West to the True Point of Beginning, containing 2.2 Acres more or less, and being part of the Northeast Quarter of Section 24, Township 12 North, Range 7 East of the Third Principal Meridian, Coles County, Illinois.

Section 3. This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

Section 4. This ordinance shall be effective upon its approval as provided by law.

Upon motion by Mayor Carter, seconded by Commissioner Gambill, adopted this 16th day of November, 2004, by a roll call vote, as follows:

AYES (Names): Commissioner Donnell, Commissioner Gambill,
Commissioner Hesse, Commissioner Schilling
Mayor Carter

NAYS (Names) None

ABSENT (Names) None

Approved this 16th day of November, 2004.

/s/ David E. Carter
David E. Carter, Mayor
City of Mattoon, Coles County, Illinois

ATTEST: APPROVED AS TO FORM

/s/ Susan J. O'Brien
Susan J. O'Brien, City Clerk

Preston Owen
J. Preston Owen, City Attorney

Recorded in the Municipality's Records on November 17, 2004.

Mayor Carter opened the floor for discussion. City Administrator Richard Underkofler announced the unanimous approval by the Zoning Board of Appeals. Commissioner Donnell inquired as to opposition. Community Development Coordinator Kyle Gill responded negatively. Mr. Wortman announced he had received one call questioning the rezoning, but had explained that the land in question was already C-4.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Mayor Carter seconded by Commissioner Schilling moved to adopt Special Ordinance 2004-1053: approving a variance to the sign code to allow a free standing sign in proximity to an existing free standing sign for American Financial Choice, a tenant on premises located at 301

Lake Land Boulevard.

CITY OF MATTOON, ILLINOIS

SPECIAL ORDINANCE NO. 2004-1053

**AN ORDINANCE APPROVING A VARIANCE TO THE SIGN CODE OF THE MUNICIPALITY TO ALLOW A FREE
STANDING SIGN IN CLOSER PROXIMITY TO AN EXISTING FREE STANDING SIGN FOR AMERICAN FINANCIAL
CHOICE, A TENANT ON PREMISES LOCATED AT 301 LAKE LAND BOULEVARD**

WHEREAS, there was filed with the Community Development Coordinator of the City of Mattoon, County of Coles, Illinois, a certain Petition by Monitor Sign Inc., agent for America's Financial Choice, praying that variance be granted from requirements of the sign code of the municipality on real estate described as:

301 Lake Land Boulevard. a.k.a. America's Financial Choice

WHEREAS, said Petition was reviewed by the Community Development Coordinator and recommended to the City of Mattoon Planning Commission; and

WHEREAS, said Petition was submitted to the Planning Commission for its recommendation on November 8, 2004; and

WHEREAS, said Petition was considered by the Planning Commission on November 8th, 2004; and was recommended, that the Petition be allowed, and that a variance be granted from requirements of the sign code.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Mattoon as follows:

Section 1. The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. A variance is hereby granted from requirements of the sign code as authorized by Section §160.13 of Chapter 160 of the Code of Ordinances of the City of Mattoon for real estate described as 301 Lake Land Blvd., a.k.a. America's Financial Choice, to allow a second freestanding sign on the property and the separation distance between the signs be reduced from 75 feet to 20 feet.

Section 3. This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

Section 4. This ordinance shall be effective upon its approval as provided by law.

Upon motion by Mayor Carter, seconded by Commissioner Schilling, adopted this 16th day of November, 2004, by a roll call vote, as follows:

AYES (Names): Commissioner Donnell, Commissioner Gambill,
Commissioner Hesse, Commissioner Schilling,
Mayor Carter

NAYS (Names): None

ABSENT (Names): None

Approved this 16th day of November, 2004.

/s/ David E. Carter

David E. Carter, Mayor

City of Mattoon, Coles County, Illinois

ATTEST:

APPROVED AS TO FORM

/s/ Susan J. O'Brien

/s/ J. Preston Owen

Susan O'Brien, City Clerk

J. Preston Owen, City Attorney

Recorded in the Municipality's Records on November 17, 2004.

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Hesse seconded by Commissioner Schilling moved to adopt Special Ordinance 2004-1054, authorizing a special census of the newly annexed Country Club Road area to enable a higher per capita distribution of state shared motor fuel tax funds.

SPECIAL ORDINANCE 2004-1054

ILLINOIS DEPARTMENT
OF TRANSPORTATION

ORDINANCE FOR
MUNICIPAL CENSUS

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MATTOON, ILLINOIS:

Section 1. That a Census be taken for the purposes of ascertaining the population in the annexed territory described as follows

See Attached Exhibit A

And as established by ordinance on 10/8/2003

Section 2. That a census taker shall be named by the Mayor and City Council for the purpose of ascertaining the number of inhabitants in the annexed territory.

Section 3. After the census is taken, a report shall be subscribed and sworn to by the census taker(s) as being true and correct, and shall be filed with the City Clerk.

Section 4. The compensation of said census taker(s) shall be \$10.00 per property for 21 properties \$210 Dollars

Adopted 11-16-2004

Attest: /s/ Susan J. O'Brien

/s/ David E. Carter
Mayor, City of Mattoon

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Hesse seconded by Commissioner Schilling moved to adopt Resolution 2004-2565, appointing Basil Starwalt to undertake a special census of the newly annexed Country Club Road area.

CITY OF MATTOON, ILLINOIS

RESOLUTION NO. 2004-2565

A RESOLUTION APPOINTING BASIL STARWALT TO UNDERTAKE A SPECIAL CENSUS OF THE NEWLY ANNEXED COUNTY CLUB ROAD AREA

WHEREAS, the City Council adopted Special Ordinance No. 2004-1054 authorizing a special census of the newly annexed Country Club Road area to enable a higher per capita distribution of state shared motor fuel tax funds; and

WHEREAS, said ordinance prescribes that a census taker shall be named by the Mayor and City Council for the purpose of ascertaining the number of inhabitants in the annexed territory.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, that Basil Starwalt is hereby appointed to undertake the special census of the newly annexed Country Club Road area. The compensation of said census taker shall be \$210 @ \$10 per parcel.

Upon motion by Commissioner Hesse, seconded by Commissioner Schilling, adopted this 16th day of November, 2004, by a roll call vote, as

follows:

AYES (Names): Commissioner Donnell, Commissioner Gambill
Commissioner Hesse, Commissioner Schilling
Mayor Carter

NAYS (Names): None

ABSENT (Names): None

Approved this 16th day of November, 2004.

/s/David E. Carter

David E. Carter, Mayor

City of Mattoon, Coles County, Illinois

ATTEST: APPROVED AS TO FORM

/s/ Susan J. O'Brien

Susan O'Brien, City Clerk

/s/ J. Preston Owen

J. Preston Owen, City Attorney

Mayor Carter opened the floor for discussion. Administrator Underkofler notified the Council of a numbering typographical error involving Special Ordinance #2004-1054 within the resolution that would be corrected.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Mayor Carter seconded by Commissioner Schilling moved to adopt Resolution 2004-2566, evidencing the intention of the City of Mattoon, Coles County, Illinois, to issue Single Family Mortgage Revenue Bonds and related matters.

RESOLUTION NO. 2004-2566

RESOLUTION evidencing the intention of the City of Mattoon, Coles County, Illinois to issue Single Family Mortgage Revenue Bonds and related matters.

WHEREAS, the City of Mattoon, Coles County, Illinois (the "Issuer") is a municipality under Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, the availability of decent, safe and sanitary housing that most people can afford is essential to retain and increase industrial and commercial activities and relieve conditions of unemployment in the City of Mattoon, Illinois; and

WHEREAS, the shortage of decent, safe and sanitary housing that most people can afford is not transitory and self-curing; the cost of financing such housing is a major and substantial factor affecting the supply and cost of decent, safe and sanitary housing built by private enterprise; and the revenue bonds provided for in this resolution will substantially lower the cost of such financing; and

WHEREAS, pursuant to the constitution and the laws of the State of Illinois, and particularly the Municipal Housing Finance Law, 65 Illinois Compiled Statutes 2000, 5/11-74.5-1 et seq., as supplemented and amended (the "Act"), the City Council of the Issuer has the power to issue its revenue bonds to aid in financing the cost of mortgage loans for one to four family residences in the City of Mattoon, Illinois; and

WHEREAS, it is now considered to be necessary and desirable and in the public interest of the residents of the City of Mattoon, Illinois, for the Issuer to issue its revenue bonds in an amount not to exceed \$300,000,000, for the purpose of financing mortgage loans to low and moderate income persons for one to four family residences in the City of Mattoon, Illinois; and

WHEREAS, PURSUANT TO THE Constitution and the laws of the State of Illinois, and particularly Section 10 of Article VII of the 1970 Constitution of the State of Illinois and 5 Illinois Compiled Statutes 2000, 220/1 et seq., as supplemented and amended (the Intergovernmental

Cooperation Act”) units of government may exercise jointly any power which they could individually exercise;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Mattoon, Coles County Illinois, as follows:

SECTION 1 That, in order to provide decent, safe and sanitary housing that persons of low and moderate income in the City of Mattoon, Illinois, can afford, with the resulting public benefits expected to flow therefrom, it is deemed necessary and desirable for the Issuer to issue its revenue bonds in an aggregate principal amount not to exceed \$33,000,000 (the “Bonds”), for the purpose of financing mortgage loans to persons of low and moderate income for one to four family residences located in the City of Mattoon, Illinois.

SECTION 2 That the Issuer will issue the Bonds in an aggregate principal amount not to exceed \$300,000,000 for the aforesaid purposes; that such Bonds shall not constitute an indebtedness, liability, general or moral obligation or a loan of credit of the Issuer, within the repayment of the mortgage loans; that neither the faith and credit nor the taxing power of the Issuer will be pledged to the payment of the principal of or interest on the Bonds; and that the Issuer will not have the right or; authority to levy taxes to pay the principal of or interest on the Bonds.

SECTION 3. That, pursuant to the Intergovernmental Cooperation Act, the Issuer may choose to issue the Bonds jointly with or on behalf of one or more municipalities if the Issuer so determines, or to have the bonds issued by another municipality on behalf of the Issuer if the issuer so determines, such determinations to be made in the best judgment of the <<Mayor>> of the Issuer that such a cooperative effort is in the best interest of the Issuer.

SECTION 4. That the Issuer is hereby authorized to apply for a volume cap allocation for calendar year 2005 for the issuance of the bonds, which volume cap, if granted, will be allocated to the issuance of the Bonds upon the adoption of an ordinance authorizing the issuance of the Bonds.

SECTION 5. That the Issuer hereby agrees to work with Stern Brothers & Co. to underwrite the bonds and with Chapman and Cutler, as Bond Counsel, in connection with the issuance of the Bonds during calendar year 2005.

SECTION 6. That the Mayor, the City Clerk and all other proper officers, officials, agents and employees of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this resolution, including without limitation to obtain an allocation of unified volume cap.

SECTION 7. That the provisions of this resolution are hereby declared to be separable, and if any section, phrase or provision of this resolution shall for any reason be declared to be invalid, such declaration shall not affect the remainder of the sections, phrases and provisions of this resolution.

SECTION 8. That all ordinances, resolution or orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded; and that this resolution shall be in full force and effect upon its adoption and approval.

Presented, passed, approved and recorded this 16th day of November 2004.

/s/ David E. Carter
David Carter

SEAL

ATTEST
/s/Susan J. O’Brien
City Clerk

AYES: Commissioner Donnell, Commissioner Gambill,
Commissioner Hesse, Commissioner Schilling,
Mayor Carter

Nays: None

Absent or Not Voting: None

Mayor Carter opened the floor for discussion. Administrator Underkofler gave a brief explanation of the Single Family Mortgage Revenue Bonds that provided a tax exempt financing for first-time homebuyers, accomplished assistance through intergovernmental agreements among other cities, and provided the benefits of a 15-year mortgage.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Gambill seconded by Commissioner Hesse moved to adopt Resolution 2004-2567, authorizing the sale of surplus real estate that is the site of the old water treatment plant.

CITY OF MATTOON, ILLINOIS

RESOLUTION NO. 2004-2567

A RESOLUTION AUTHORIZING THE SALE OF SURPLUS REAL ESTATE THAT IS THE SITE OF THE OLD WATER TREATMENT PLANT

BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, as follows:

Section 1. Pursuant to procedures prescribed by state statute (65 ILCS 5/11-76-4.1), a finding is hereby made by the City Council that the old water treatment plant real estate, the legal description of which is described below, is no longer necessary or required for the use of the municipality.

Tract I

A part of the West Half of the North east Quarter of Section 24, Township 12 North, Range seven East of the Third Meridian, more particularly described as follows:

Commencing at a stone at the North Quarter corner of Section 24, Township 12 North, Range 7 East of the Third Principle Meridian; thence on an assumed azimuth 180 degrees 00 minutes 00 seconds along the west line of the Northeast Quarter of said Section 24, 1204.20 feet to a concrete monument being the point of beginning; thence azimuth 83 degrees 49 minutes 54 seconds, 405.07 feet to an iron pin with cap number 3140; thence azimuth 189 degrees 58 minutes 39 seconds, 596.42 feet to a concrete monument on the North line of the Jefferson Addition Subdivision; thence azimuth 269 degrees 09 minutes 54 seconds, 100.54 feet to an iron pin at the Northwest corner of said Jefferson Addition Subdivision; thence azimuth 180 degrees 19 minutes 51 seconds, 29.49. feet to an iron pin on the North right of way line of the former P. D. and E. Railroad; thence azimuth 306 degrees 02 minutes 44 seconds along the said north right of way line, 373.84 feet to an iron pin with cap number 3140 on the west line of the Northeast Quarter of said Section 24 thence azimuth 0 degrees 00 minutes 00 seconds, 363.87 feet along the said west line to the Point of Beginning, containing 4.768 acres, more or less, all situated in the City of Mattoon, Coles County, Illinois.

Tract II

Commencing at the center of Section 24, Township 12 North, Range 7 East of the third Principle Meridian, Coles County, Illinois; thence northerly on an assumed bearing of North 00 degrees 00 minutes 00 seconds East 615.75 feet to the point of beginning; thence North 0 degrees 00 minutes 00 seconds East 369.5 feet to a point which is on the South Right of Way Line of the Illinois Central Railroad; thence South 53 degrees 50 minutes 00 seconds East 624.83 feet along said Right of Way to a point; thence South 89 degrees 21 minutes 30 seconds West to the True Point of Beginning, containing 2.2 Acres more or less, and being part of the Northeast Quarter of Section 24, Township 12 North, Range 7 East of the Third Principal Meridian, Coles County, Illinois.

Section 2. The zoning of the real estate described in this Resolution was changed from R-1 to C-4 to enable its potential sale for commercial uses with outside storage by Special Ordinance 2004-1052, adopted November 16, 2004. Its value has been determined by a written appraisal prepared by a licensed real estate appraiser that is available for public inspection. Current uses

Commissioner Hesse seconded by Commissioner Donnell moved to approve Council Decision Request 2004-383, reporting proposals received and authorizing the mayor to sign 60-month lease agreements with Xerox for five replacement multifunction copy machines for use in the Police Department.

Mayor Carter opened the floor for discussion. Mayor Carter inquired about the best deal. Commissioner Hesse stated that within the CDR demonstrated the best option.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Hesse seconded by Commissioner Gambill moved to approve Council Decision Request 2004-384, approving the promotion of Officer Jason J. Taylor to a Sergeant position in the Police Department, effective November 13, 2004, as recommended by the Board of Fire and Police Commissioners to succeed Sgt. Mike Thomas, who has been granted a disability retirement.

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Mayor Carter opened the floor for public discussion. Administrator Underkofler requested verification of Council's ratification for the tax levy. Administrator Underkofler reiterated the levy's estimated assessed value at a four percent increase over last year, an abatement for garbage disposal, an increase for street lighting to take up to maximum of five cents, and place the remaining balance into the insurance and tort judgment fund. Council's consensus was affirmative.

Mayor Carter seconded by Commissioner Schilling moved to recess to closed session at 7:38 p.m., pursuant to the Illinois Open Meetings Act for the purpose of considering the employment, performance or dismissal of employees of the municipality (5 ILCS 120(2)(c)(1), the purchase of real property for the use of the municipality (5 ILCS 120(2)(5), the setting of a price for sale or lease of property owned by the municipality (5 ILCS 120(2)(6), litigation affecting or on behalf of the City of Mattoon (5 ILCS 120/2(c)(11)): review annual performance appraisal for Kyle Gill, Community Development Coordinator; setting of the manner of disposal and minimum price for the sale of surplus real estate owned by the municipality ((1) 2113 Marion Avenue (PIN 07-2-12171-00) Lot 4 of Block 180 of Noyes Addition to the City of Mattoon. General Fund Asset. *Residential lot is now vacant after acquisition and demolition of an unsafe structure. Appraised Value = \$6,000;* (2) 2808 Cedar Avenue (PIN 07-2-11206-00) Lot 10 of Block 117 of Noyes Addition to the City of Mattoon. General Fund Asset. *Residential lot is now vacant after acquisition and demolition of an unsafe structure. Appraised Value = \$5,000;* (3) 1500 Richmond Avenue (PIN 07-1-03355-00) The south 80 feet of Lot 12 of Block 83 of the Original Town of Mattoon. General Fund Asset. *This is a residential lot too small for stand-alone structure, but it could be of benefit to adjacent property owners. Appraised Value = \$4000;* (4) Lake Paradise premises leased to Wabash Fire Protection District. Water Fund Asset. *This \$1 per year lease for 1.917 acres expired October 4, 1996. It contains an option to renew for an additional 19-year term. The Board of Trustees is interested in acquiring fee simple title, but not if it will be offered for competitive bids. Contract Trustee Bob Kepley, 4605 Dole Road, Mattoon IL 61938. Phone 345-5858, Work: 234-7065. Appraised Value \$16,500.)*

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Mayor Carter left the meeting at 8:17 p.m.

Mayor Pro-tem Schilling reconvened the meeting from closed session at 8:18 p.m.

Mayor Pro-tem Schilling seconded by Commissioner Donnell moved to approve Council Decision Request 2004-385, reporting bids received and authorizing a \$39,500 contract with DEMEX of Pekin, Illinois for demolition of the Gowin Restaurant Building at 1700 and 1702 Broadway Avenue.

Mayor Pro-tem Schilling opened the floor. Commissioner Gambill inquired as to the background of the company with any references. Attorney Owen stated that DEMEX was presently demolishing the Superior Building. Administrator Underkofler stated DEMEX would have to produce bonding insurance. Commissioner Hesse stated DEMEX would have to produce a performance bond.

Mayor Pro-tem Schilling declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Mayor Pro-tem Schilling, Absent Mayor Carter.

Commissioner Hesse complimented the expenditure report produced by Treasurer Owen. Treasurer Owen referred to the cash bank balance report he presented to the Council, also.

Commissioner Donnell seconded by Commissioner Gambill moved to adjourned at 8:22 p.m.

Mayor Pro-tem Schilling declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Mayor Pro-tem Schilling, Absent Mayor Carter.

/s/ Susan J, OBrien

City Clerk

The City Council of the City of Mattoon held a special meeting in the Council Chambers at City Hall on November 30, 2004 at 4:04 p.m.

Mayor Carter presiding.

Mayor Carter led the Pledge of Allegiance to the United States of America.

The following members of the Council answered roll call: YEA Commissioner Mark Donnell, YEA Commissioner Harold Gambill, YEA Commissioner Jerrold Hesse, YEA Commissioner David Schilling, YEA Mayor David E. Carter.

City Administrator Richard Underkofler presented a substitute Special Ordinance 2004-1055 for consideration. Administrator Underkofler reviewed Section 2 changes to parts A, B, C, D, E as interfund receivables/payables and part F as transfers from MFT to the General Fund to enable more street improvements and levying maximum percentage for street lighting. Administrator Underkofler continued with parts G and H as reflections for property/general liability insurance renewals with a \$5,000 deductible. Part I indicated the amount actually spent for boiler coverage in current year. Finally, the highlighted sections of the revised budget were explained as changes within the individual departments.

Mayor Carter disputed the additional \$10,000 to Coles Together as a previous council's commitment and would place a burden on the next council. Commissioner Schilling declared that Coles Together was an asset, and could not pay an individual at that amount for these services. Commissioner Donnell declared the additional contribution would be rectifying the non-payment in 2001, and would help to retain the economic development group which is a viable entity.

Commissioner Donnell questioned the deficit after previous reductions, and wanted the next budget to be reflective of the previous year's excess revenues. Administrator Underkofler explained the transfer of MFT street lighting expenditures to the General Fund contributed to the deficit, and unused funds could reflect excess revenues at the end of the year.

Mayor Carter suggested to layover the budget until the next meeting. Mayor Carter inquired about a donation to Operation Sleigh Ride, the firemen's holiday fundraiser. Administrator Underkofler stated the Council had a remaining \$265.00 for community promotion and relations.

Commissioner Donnell inquired about the Park budget. Administrator Underkofler replied he did not receive any budget changes in time. Commissioner Donnell stated Parks Superintendent would not go over his total budget amount. Council discussed the Cemetery with consent as its appearance was fine.

Administrator Underkofler described the City's property/general liability insurance as a big expenditure with Mesirow as the assigned broker in the second and third contracted year. Next, he introduced Mr. Michael Alesia, Mesirow Vice President. Mr. Alesia introduced Ann Carroll, a new team member with expertise in municipalities. Mr. Alesia reviewed the Executive Summary of the Insurance Proposal for December 1, 2004 through 2005, requested that the City properties have professional appraisals, requested the need for an account of contents within buildings, and new codes within the workers compensation section. Council discussed the lift stations' values, approximate appraisal costs, the need to add the west water tower to the list, and the processing of claims. Ms. Carroll explained the loss runs, compared the \$5,000 and \$10,000 deductibles, loss forecast with \$10,000 deductible, and suggested \$10,000 deductible only if the City does not anticipate many claims. Administrator Underkofler discussed the uninsured and underinsured additional premium purchases. Mr. Alesia described the uninsured limits as for people other than employees, and recommended not to elect to purchase it. Council's consensus was to remain with the \$5,000 deductible.

Commissioner Schilling seconded by Commissioner Donnell moved to adopt Special Ordinance 2004-1056, authorizing placement of the City's workers compensation insurance coverage.

CITY OF MATTOON, ILLINOIS

SPECIAL ORDINANCE NO. 2004-1056

AN ORDINANCE AUTHORIZING PLACEMENT OF THE CITY'S WORKERS COMPENSATION INSURANCE
COVERAGE

WHEREAS, Mesirow Insurance Services, the City's broker of record, solicited proposals from insurance companies that underwrite workers compensation insurance for municipal government exposures; and

WHEREAS, a proposal received from the Illinois Counties Risk Management Trust is regarded to be the most cost effective solution for managing the City's workers compensation exposures.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Mattoon as follows:

Section 1. Mesirow Insurance Services is hereby authorized to take such administrative action necessary to bind the City of Mattoon's worker's compensation insurance coverage with the Illinois Counties Risk Management Trust for the policy year beginning December 1, 2004 and ending December 1, 2005 pursuant to a proposal attached hereto and incorporated herein by reference. The policy will be written with a \$25,000 per claim deductible.

Section 2. This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

Section 3. This ordinance shall be effective upon its approval as provided by law.

Upon motion by Commissioner Schilling, seconded by Commissioner Donnell, adopted this 30th day of November, 2004, by a roll call vote, as follows:

AYES (Names): Commissioner Donnell, Commissioner Gambill,

Commissioner Hesse, Commissioner Schilling,

Mayor Carter

NAYS (Names): None

ABSENT (Names): None

Approved this 30th day of November, 2004.

/s/ David E. Carter

David E. Carter, Mayor

ATTEST:

APPROVED AS TO FORM

/s/ Susan J. O'Brien

/s/ J. Preston Owen

Susan O'Brien, City Clerk

J. Preston Owen, City Attorney

Recorded in the Municipality's Records on December 1, 2004.

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Schilling seconded by Commissioner Donnell moved to adopt Special Ordinance 2004-1057, authorizing placement of the City's property and casualty insurance coverage.

CITY OF MATTOON, ILLINOIS

SPECIAL ORDINANCE NO. 2004-1057

AN ORDINANCE AUTHORIZING PLACEMENT OF THE CITY’S PROPERTY & CASUALTY INSURANCE COVERAGE WHEREAS, Mesirow Insurance Services, the City’s broker of record, solicited proposals from insurance companies that underwrite property & casualty insurance for municipal government exposures; and

WHEREAS, a proposal received from the Illinois Counties Risk Management Trust is regarded to be the most cost effective solution for managing the City’s property & casualty exposures; and

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Mattoon as follows:

Section 1. Mesirow Insurance Services is hereby authorized to take such administrative action necessary to bind the City of Mattoon’s property and casualty insurance coverage with the Illinois Counties Risk Management Trust for the policy year beginning December 1, 2004 and ending December 1, 2005 pursuant to a proposal attached hereto and incorporated herein by reference.

Section 2. This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

Section 3. This ordinance shall be effective upon its approval as provided by law.

Upon motion by Commissioner Schilling, seconded by Commissioner Donnell, adopted this 30th day of November, 2004, by a roll call vote, as follows:

AYES (Names): Commissioner Donnell, Commissioner Gambill,
Commissioner Hesse, Commissioner Schilling,
Mayor Carter

NAYS (Names): None

ABSENT (Names): None

Approved this 30th day of November, 2004.

/s/David E. Carter
Mayor, City of Mattoon
Coles County

ATTEST:	APPROVED AS TO FORM
<u>/s/ Susan J. O’Brien</u>	<u>/s/ J. Preston Owen</u>
Susan O’Brien, City Clerk	J. Preston Owen, City Attorney

Recorded in the Municipality’s Records on December 1, 2004.

Mayor Carter opened the floor for discussion. No discussion.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Donnell seconded by Commissioner Gambill moved to approve Council Decision Request 2004-386, authorizing the Fire Chief to expend \$17,073.12 for additional portable radios and equipment to be used in Fire Prevention Education to be paid for with surplus funds from the USFA/FEMA Assistance to Firefighters Grant.

Mayor Carter opened the floor for discussion. Mayor Carter asked about the balance of the grant. City Attorney/Treasurer J. Preston Owen replied that Fire Chief Bruce Grafton had to receive permission to purchase the portable radios and equipment with the balance of the grant funds.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Mayor Carter seconded by Commissioner Gambill moved to approve Council Decision Request 2004-387, approving an appointment of Rick Easton to an entry-level custodian position in the Police Buildings and the Burgess Osborne Auditorium.

Mayor Carter opened the floor for discussion. Mayor Carter stated that many qualified candidates had submitted applications.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

Commissioner Schilling seconded by Commissioner Gambill moved to adjourn at 5:26 p.m.

Mayor Carter declared the motion carried by the following vote: YEA Commissioner Donnell, YEA Commissioner Gambill, YEA Commissioner Hesse, YEA Commissioner Schilling, YEA Mayor Carter.

/s/Susan J. OBrien

City Clerk